



# **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BENTON, ARKANSAS

REGULATORY BASIS FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND OTHER REPORTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

CITY OF BENTON, ARKANSAS  
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# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE AUDITED THE ACCOMPANYING REGULATORY BASIS FINANCIAL STATEMENTS OF THE GENERAL FUND, STREET FUND, AND OTHER FUNDS IN THE AGGREGATE OF THE CITY OF BENTON, ARKANSAS, AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010, AS LISTED IN THE TABLE OF CONTENTS. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE CITY'S MANAGEMENT. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE FINANCIAL STATEMENTS BASED ON OUR AUDITS.

WE CONDUCTED OUR AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES AND THE STANDARDS APPLICABLE TO FINANCIAL AUDITS CONTAINED IN *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT. AN AUDIT INCLUDES EXAMINING, ON A TEST BASIS, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. AN AUDIT ALSO INCLUDES ASSESSING THE ACCOUNTING PRINCIPLES USED AND SIGNIFICANT ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL FINANCIAL STATEMENT PRESENTATION. WE BELIEVE THAT OUR AUDITS PROVIDE A REASONABLE BASIS FOR OUR OPINION.

AS DESCRIBED MORE FULLY IN NOTE 1B AND 1C, THE CITY HAS PREPARED THESE FINANCIAL STATEMENTS USING ACCOUNTING PRACTICES PRESCRIBED OR PERMITTED BY ARKANSAS CODE, WHICH PRACTICES DIFFER FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE EFFECT ON THE FINANCIAL STATEMENTS OF THE VARIANCES BETWEEN THESE REGULATORY ACCOUNTING PRACTICES AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES, ALTHOUGH NOT REASONABLY DETERMINABLE, ARE PRESUMED TO BE MATERIAL.

IN OUR OPINION, BECAUSE OF THE EFFECTS OF THE MATTER DISCUSSED IN THE PRECEDING PARAGRAPH, THE FINANCIAL STATEMENTS REFERRED TO ABOVE DO NOT PRESENT FAIRLY, IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES, THE FINANCIAL POSITION OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2011 AND 2010, THE CHANGES IN FINANCIAL POSITION OR WHERE APPLICABLE, ITS CASH FLOWS FOR THE YEARS THEN ENDED. FURTHER, THE CITY HAS NOT PRESENTED A MANAGEMENT'S DISCUSSION AND ANALYSIS THAT ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES HAS DETERMINED IS NECESSARY TO SUPPLEMENT, ALTHOUGH NOT REQUIRED TO BE PART OF, THE BASIC FINANCIAL STATEMENTS.

THE UTILITIES FUND HAS NOT BEEN INCLUDED IN THE CITY'S REGULATORY BASIS FINANCIAL STATEMENTS. THE REGULATORY BASIS AS PRESCRIBED BY ARKANSAS CODE REQUIRES THESE FUNDS TO BE PRESENTED AS PART OF THE OTHER FUNDS PRESENTED IN THE AGGREGATE, THUS INCREASING THE COLUMN'S ASSETS, LIABILITIES, REVENUES, AND EXPENDITURES. THE AMOUNT BY WHICH THIS DEPARTURE WOULD AFFECT THE ASSETS, LIABILITIES, REVENUES, AND EXPENDITURES OF THE OTHER FUNDS IN THE AGGREGATE COLUMN IS NOT REASONABLY DETERMINABLE.

IN OUR OPINION, BECAUSE OF THE OMISSION DESCRIBED IN THE PRECEDING PARAGRAPH, THE FINANCIAL STATEMENTS REFERRED TO ABOVE DO NOT PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE RESPECTIVE REGULATORY BASIS FINANCIAL POSITION OF THE OTHER FUNDS IN THE AGGREGATE OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2011 AND 2010, AND THE RESPECTIVE CHANGES IN THE REGULATORY BASIS FINANCIAL POSITION FOR THE YEARS THEN ENDED ON THE BASIS OF ACCOUNTING AS DESCRIBED IN NOTE 1C.

IN OUR OPINION, THE FINANCIAL STATEMENTS REFERRED TO ABOVE PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE RESPECTIVE REGULATORY BASIS FINANCIAL POSITION OF THE GENERAL FUND AND STREET FUNDS OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2011 AND 2010, AND THE RESPECTIVE CHANGES IN THE REGULATORY BASIS FINANCIAL POSITION, AND THE BUDGETARY RESULTS FOR THE GENERAL AND STREET FUNDS FOR THE YEARS THEN ENDED ON THE BASIS OF ACCOUNTING DESCRIBED IN NOTE 1C.

IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, WE HAVE ALSO ISSUED OUR REPORT DATED APRIL 13, 2012, ON OUR CONSIDERATION OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON OUR TESTS OF ITS COMPLIANCE WITH CERTAIN PROVISIONS OF LAWS, REGULATIONS, CONTRACTS AND GRANT AGREEMENTS AND OTHER MATTERS. THE PURPOSE OF THAT REPORT IS TO DESCRIBE THE SCOPE OF OUR TESTING OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND THE RESULTS OF THAT TESTING, AND NOT TO PROVIDE AN OPINION ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING OR ON COMPLIANCE. THAT REPORT IS AN INTEGRAL PART OF AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND SHOULD BE CONSIDERED IN ASSESSING THE RESULTS OF OUR AUDITS.

OUR AUDITS WERE CONDUCTED FOR THE PURPOSE OF FORMING OPINIONS ON THE REGULATORY BASIS FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS AS A WHOLE. THE SUPPLEMENTARY INFORMATION ON PAGES 27 THROUGH 42 ARE PRESENTED FOR THE PURPOSE OF ADDITIONAL ANALYSIS AND ARE NOT A REQUIRED PART OF THE FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS. SUCH INFORMATION IS THE RESPONSIBILITY OF MANAGEMENT AND WAS DERIVED FROM AND RELATES DIRECTLY TO THE UNDERLYING ACCOUNTING AND OTHER RECORDS USED TO PREPARE THE FINANCIAL STATEMENTS. THE INFORMATION HAS BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN THE AUDIT OF THE FINANCIAL STATEMENTS AND CERTAIN ADDITIONAL PROCEDURES, INCLUDING COMPARING AND RECONCILING SUCH INFORMATION DIRECTLY TO THE UNDERLYING ACCOUNTING AND OTHER RECORDS USED TO PREPARE THE FINANCIAL STATEMENTS OR TO THE FINANCIAL STATEMENTS THEMSELVES, AND OTHER ADDITIONAL PROCEDURES AND, IN OUR OPINION, BECAUSE OF THE EFFECTS ON THE FINANCIAL INFORMATION IN THE SUPPORTING SCHEDULES OF THE OMISSIONS DISCUSSED ABOVE, SUCH INFORMATION IS NOT PRESENTED FAIRLY IN ALL MATERIAL RESPECTS IN RELATION TO THE FINANCIAL STATEMENTS TAKEN AS A WHOLE. THE SUPPLEMENTARY INFORMATION IN THE SCHEDULE OF CAPITAL ASSETS IS REQUIRED BY THE REGULATORY BASIS OF PRESENTATION AND IS PRESENTED FOR THE PURPOSE OF ADDITIONAL ANALYSIS. WE HAVE NOT APPLIED AUDITING PROCEDURES TO THIS INFORMATION AND, ACCORDINGLY, EXPRESS NO OPINION ON THE SCHEDULE OF CAPITAL ASSETS.

*Upakum, Lovell & Co. P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
APRIL 13, 2012

CITY OF BENTON, ARKANSAS  
COMBINED BALANCE SHEET - REGULATORY  
PRESENTATION - MODIFIED ACCRUAL BASIS  
DECEMBER 31, 2011

	ASSETS	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE
ASSETS				
CASH AND EQUIVALENTS:				
UNASSIGNED		\$ 981,271	\$ 2,790,853	\$ 2,423,954
COUNCIL COMMITTED		446,701	234,281	2,855
RESTRICTED		110,083	1,201,245	3,027,982
INVESTMENTS-RESTRICTED				14,267,222
OTHER RECEIVABLES		17,350	1,484	254,855
DUE FROM OTHER FUNDS		4,973		
PREPAID EXPENSES		74,820	11,040	16,504
TOTAL ASSETS		<u>\$1,635,198</u>	<u>\$4,238,903</u>	<u>\$19,993,372</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
ACCOUNTS PAYABLE		\$ 250,739	\$ 63,257	\$ 935,777
ACCRUED COMPENSATION		223,947	16,421	17,657
DUE TO OTHER FUNDS		13,983	3,509	31,816
ASSETS HELD IN TRUST				15,875,156
TOTAL LIABILITIES		<u>488,669</u>	<u>83,187</u>	<u>16,860,406</u>
FUND BALANCES				
RESTRICTED FOR DEBT SERVICE				517,986
RESTRICTED FOR CAPITAL OUTLAY			1,179,245	176,628
RESTRICTED FOR OTHER ACTIVITIES		110,083		1,581
UNRESTRICTED:				
COMMITTED		446,701	220,245	2,855
UNASSIGNED		589,745	2,756,226	2,433,916
TOTAL FUND BALANCES		<u>1,146,529</u>	<u>4,155,716</u>	<u>3,132,966</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$1,635,198</u>	<u>\$4,238,903</u>	<u>\$19,993,372</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - REGULATORY  
 PRESENTATION - MODIFIED ACCRUAL BASIS  
 DECEMBER 31, 2010

	<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>OTHER FUNDS IN THE AGGREGATE</u>
<b>ASSETS</b>				
CASH AND EQUIVALENTS:				
UNASSIGNED		\$ 919,608	\$ 2,030,284	\$ 1,941,851
COUNCIL COMMITTED		276,600		2,848
RESTRICTED		259,028	972,549	2,553,211
INVESTMENTS-RESTRICTED				15,607,982
OTHER RECEIVABLES		6,925	1,284	657,576
DUE FROM OTHER FUNDS		4,973	65,832	
PREPAID EXPENSES		101,601	14,966	14,645
<b>TOTAL ASSETS</b>		<u>\$1,568,735</u>	<u>\$3,084,915</u>	<u>\$20,778,113</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE		\$ 135,591	\$ 128,295	\$ 1,406,862
ACCRUED COMPENSATION		218,908	16,330	19,127
DUE TO OTHER FUNDS		65,832		20,037
ASSETS HELD IN TRUST				16,084,935
<b>TOTAL LIABILITIES</b>		<u>420,331</u>	<u>144,625</u>	<u>17,530,961</u>
 <b>FUND BALANCES</b>				
RESTRICTED FOR DEBT SERVICE				532,163
RESTRICTED FOR CAPITAL OUTLAY			926,811	856,180
RESTRICTED FOR OTHER ACTIVITIES		259,028		1,856
UNRESTRICTED:				
COMMITTED		276,600		2,848
UNASSIGNED		612,776	2,013,479	1,854,105
<b>TOTAL FUND BALANCES</b>		<u>1,148,404</u>	<u>2,940,290</u>	<u>3,247,152</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<u>\$1,568,735</u>	<u>\$3,084,915</u>	<u>\$20,778,113</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE
REVENUES			
TAX REVENUES	\$ 2,203,753	\$ 2,061,511	\$ 8,468,230
BONDS, FINES AND FEES	869,684		910,450
PERMITS AND LICENSES	252,029	99,688	
FEDERAL AND STATE GRANTS	118,868	48,662	2,862,146
INTEREST	5,765	8,408	8,304
OTHER	148,100	80,396	67,817
TOTAL REVENUES	<u>3,598,199</u>	<u>2,298,665</u>	<u>12,316,947</u>
EXPENDITURES			
HUMAN RESOURCES	8,103,787	640,510	659,243
OPERATIONS AND MAINTENANCE	811,569	515,080	477,924
UTILITIES	91,337	12,149	38,306
OUTSIDE SERVICES	1,030,974	22,360	489,682
EDUCATIONAL/PROFESSIONAL	137,298	168	46,287
CAPITAL OUTLAY	229,842	681,647	3,762,339
PRINCIPAL PAYMENTS			904,199
INTEREST PAYMENTS			79,284
TOTAL EXPENDITURES	<u>10,404,807</u>	<u>1,871,914</u>	<u>6,457,264</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(6,806,608)</u>	<u>426,751</u>	<u>5,859,683</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS	6,401	8,055	9,905
TRANSFERS IN	7,703,612	1,476,977	2,500,074
TRANSFERS OUT	(905,280)	(696,357)	(8,483,848)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,804,733</u>	<u>788,675</u>	<u>(5,973,869)</u>
CHANGES IN FUND BALANCES	(1,875)	1,215,426	(114,186)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,148,404</u>	<u>2,940,290</u>	<u>3,247,152</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,146,529</u>	<u>\$ 4,155,716</u>	<u>\$ 3,132,966</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE
REVENUES			
TAX REVENUES	\$ 1,951,550	\$ 1,938,856	\$ 8,583,359
BONDS, FINES AND FEES	853,291		928,992
PERMITS AND LICENSES	393,688		
FEDERAL AND STATE GRANTS	206,396	49,489	3,741,445
INTEREST	5,698	6,092	16,028
OTHER	97,937	74,976	43,438
TOTAL REVENUES	<u>3,508,560</u>	<u>2,069,413</u>	<u>13,313,262</u>
EXPENDITURES			
HUMAN RESOURCES	8,211,186	652,367	766,207
OPERATIONS AND MAINTENANCE	621,366	337,721	538,107
UTILITIES	121,730	11,327	25,053
OUTSIDE SERVICES	847,186	25,907	621,398
EDUCATIONAL/PROFESSIONAL	178,873	248	2,143
CAPITAL OUTLAY	408,428	1,336,600	4,943,006
PRINCIPAL PAYMENTS			969,738
INTEREST PAYMENTS			119,540
TOTAL EXPENDITURES	<u>10,388,769</u>	<u>2,364,170</u>	<u>7,985,192</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(6,880,209)</u>	<u>(294,757)</u>	<u>5,328,070</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS	5,335		5,500
TRANSFERS IN	8,005,167	2,489,239	2,503,282
TRANSFERS OUT	(588,490)	(624,583)	(9,918,402)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,422,012</u>	<u>1,864,656</u>	<u>(7,409,620)</u>
CHANGES IN FUND BALANCES	541,803	1,569,899	(2,081,550)
FUND BALANCES AT BEGINNING OF YEAR	<u>606,601</u>	<u>1,370,391</u>	<u>5,328,702</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,148,404</u>	<u>\$ 2,940,290</u>	<u>\$ 3,247,152</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -  
GENERAL FUND - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,959,239	\$ 2,203,753	\$ 244,514
BONDS, FINES AND FEES	781,386	869,684	88,298
PERMITS AND LICENSES	240,560	252,029	11,469
FEDERAL AND STATE GRANTS	180,865	118,868	(61,997)
INTEREST	3,600	5,765	2,165
OTHER	42,120	148,100	105,980
TOTAL REVENUES	<u>3,207,770</u>	<u>3,598,199</u>	<u>390,429</u>
EXPENDITURES			
HUMAN RESOURCES	8,404,533	8,103,787	300,746
OPERATIONS AND MAINTENANCE	710,433	811,569	(101,136)
UTILITIES	218,070	91,337	126,733
OUTSIDE SERVICES	1,218,956	1,030,974	187,982
EDUCATIONAL/PROFESSIONAL	146,883	137,298	9,585
CAPITAL OUTLAY	418,035	229,842	188,193
TOTAL EXPENDITURES	<u>11,116,910</u>	<u>10,404,807</u>	<u>712,103</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(7,909,140)</u>	<u>(6,806,608)</u>	<u>1,102,532</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS		6,401	6,401
TRANSFERS IN	7,816,205	7,703,612	(112,593)
TRANSFERS OUT	(721,324)	(905,280)	(183,956)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,094,881</u>	<u>6,804,733</u>	<u>(290,148)</u>
CHANGE IN FUND BALANCE	<u>\$ (814,259)</u>	<u>\$ (1,875)</u>	<u>\$ 812,384</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -  
GENERAL FUND - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,943,273	\$ 1,951,550	\$ 8,277
BONDS, FINES AND FEES	743,508	853,291	109,783
PERMITS AND LICENSES	446,500	393,688	(52,812)
FEDERAL AND STATE GRANTS	202,872	206,396	3,524
INTEREST	3,600	5,698	2,098
OTHER	101,515	97,937	(3,578)
TOTAL REVENUES	<u>3,441,268</u>	<u>3,508,560</u>	<u>67,292</u>
EXPENDITURES			
HUMAN RESOURCES	7,709,211	8,211,186	(501,975)
OPERATIONS AND MAINTENANCE	1,206,293	621,366	584,927
UTILITIES	220,560	121,730	98,830
OUTSIDE SERVICES	940,084	847,186	92,898
EDUCATIONAL/PROFESSIONAL	191,125	178,873	12,252
CAPITAL OUTLAY	645,199	408,428	236,771
TOTAL EXPENDITURES	<u>10,912,472</u>	<u>10,388,769</u>	<u>523,703</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(7,471,204)</u>	<u>(6,880,209)</u>	<u>590,995</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS		5,335	5,335
TRANSFERS IN	7,714,263	8,005,167	290,904
TRANSFERS OUT	(268,539)	(588,490)	(319,951)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,445,724</u>	<u>7,422,012</u>	<u>(23,712)</u>
CHANGE IN FUND BALANCE	<u>\$ (25,480)</u>	<u>\$ 541,803</u>	<u>\$ 567,283</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -  
STREET FUND - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,870,689	\$ 2,061,511	\$ 190,822
PERMITS AND LICENSES	98,400	99,688	1,288
FEDERAL AND STATE GRANTS	462,134	48,662	(413,472)
INTEREST	3,000	8,408	5,408
OTHER	60,000	80,396	20,396
TOTAL REVENUES	<u>2,494,223</u>	<u>2,298,665</u>	<u>(195,558)</u>
EXPENDITURES			
HUMAN RESOURCES	740,387	640,510	99,877
OPERATIONS AND MAINTENANCE	914,520	515,080	399,440
UTILITIES	26,835	12,149	14,686
OUTSIDE SERVICES	31,100	22,360	8,740
EDUCATIONAL/PROFESSIONAL	1,100	168	932
CAPITAL OUTLAY	3,072,549	681,647	2,390,902
TOTAL EXPENDITURES	<u>4,786,491</u>	<u>1,871,914</u>	<u>2,914,577</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(2,292,268)</u>	<u>426,751</u>	<u>2,719,019</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS		8,055	8,055
TRANSFERS IN	1,737,973	1,476,977	(260,996)
TRANSFERS OUT	(1,293,365)	(696,357)	597,008
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>444,608</u>	<u>788,675</u>	<u>344,067</u>
CHANGE IN FUND BALANCE	<u>\$ (1,847,660)</u>	<u>\$ 1,215,426</u>	<u>\$ 3,063,086</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -  
STREET FUND - REGULATORY PRESENTATION - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,835,779	\$ 1,938,856	\$ 103,077
FEDERAL AND STATE GRANTS	80,816	49,489	(31,327)
INTEREST	3,600	6,092	2,492
OTHER	60,000	74,976	14,976
TOTAL REVENUES	<u>1,980,195</u>	<u>2,069,413</u>	<u>89,218</u>
EXPENDITURES			
HUMAN RESOURCES	752,578	652,367	100,211
OPERATIONS AND MAINTENANCE	653,189	337,721	315,468
UTILITIES	23,000	11,327	11,673
OUTSIDE SERVICES	32,600	25,907	6,693
EDUCATIONAL/PROFESSIONAL	1,100	248	852
CAPITAL OUTLAY	2,518,504	1,336,600	1,181,904
TOTAL EXPENDITURES	<u>3,980,971</u>	<u>2,364,170</u>	<u>1,616,801</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(2,000,776)</u>	<u>(294,757)</u>	<u>1,706,019</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS			
TRANSFERS IN	2,663,856	2,489,239	(174,617)
TRANSFERS OUT		(624,583)	(624,583)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,663,856</u>	<u>1,864,656</u>	<u>(799,200)</u>
CHANGE IN FUND BALANCE	<u>\$ 663,080</u>	<u>\$ 1,569,899</u>	<u>\$ 906,819</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE CITY OF BENTON, ARKANSAS (THE CITY) WAS INCORPORATED ON DECEMBER 28, 1848, UNDER THE PROVISIONS OF THE STATE OF ARKANSAS. THE CITY OPERATES UNDER A MAYOR-COUNCIL FORM OF GOVERNMENT AND PROVIDES THE FOLLOWING SERVICES AS AUTHORIZED BY ITS CHARTER: PUBLIC SAFETY (POLICE, FIRE, AND ANIMAL CONTROL), STREETS, PUBLIC IMPROVEMENTS, CULTURE-RECREATION, PLANNING AND ZONING, AND GENERAL ADMINISTRATIVE SERVICES. OTHER SERVICES INCLUDE UTILITIES.

THE FOLLOWING IS A SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

- A. THE REPORTING ENTITY - THE CITY, FOR FINANCIAL PURPOSES, INCLUDES ALL OF THE FUNDS RELEVANT TO THE OPERATIONS OF THE CITY. THE UTILITIES FUND IS NOT PRESENTED IN THIS REPORT. THE FINANCIAL STATEMENTS PRESENTED HEREIN DO NOT INCLUDE AGENCIES WHICH HAVE BEEN FORMED UNDER APPLICABLE STATE LAWS OR SEPARATE AND DISTINCT UNITS OF GOVERNMENT APART FROM THE CITY.
- B. BASIS OF PRESENTATION - REGULATORY FUND ACCOUNTING - THE FINANCIAL STATEMENTS ARE PRESENTED IN ACCORDANCE WITH THE REGULATORY BASIS OF PRESENTATION AS PRESCRIBED OR PERMITTED BY ARKANSAS CODE. ARKANSAS CODE REQUIRES THAT THE FINANCIAL STATEMENTS BE PRESENTED ON A FUND BASIS WITH, AS A MINIMUM, THE GENERAL FUND AND STREET FUND PRESENTED SEPARATELY WITH ALL OTHER FUNDS INCLUDED IN THE FINANCIAL STATEMENTS PRESENTED IN THE AGGREGATE. THIS LAW ALSO STIPULATES THAT THE FINANCIAL STATEMENTS CONSIST OF: A BALANCE SHEET; A STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES; A COMPARISON OF THE FINAL ADOPTED BUDGET TO THE ACTUAL EXPENDITURES FOR THE GENERAL FUND AND STREET FUND; NOTES TO THE FINANCIAL STATEMENTS; AND A SUPPLEMENTAL SCHEDULE OF CAPITAL ASSETS.

A FUND IS DEFINED AS A FISCAL AND ACCOUNTING ENTITY WITH A SELF-BALANCING SET OF ACCOUNTS, RECORDING CASH AND OTHER FINANCIAL RESOURCES, TOGETHER WITH RELATED LIABILITIES AND RESIDUAL BALANCES, AND CHANGES THEREIN, WHICH ARE SEGREGATED FOR PURPOSES OF CARRYING ON SPECIFIC ACTIVITIES OR ATTAINING CERTAIN OBJECTIVES IN ACCORDANCE WITH SPECIAL REGULATIONS, RESTRICTIONS, OR LIMITATIONS.

THE FOLLOWING TYPES OF FUNDS ARE RECOGNIZED IN THE ACCOMPANYING FINANCIAL STATEMENTS:

GENERAL FUND - THE GENERAL FUND IS THE GENERAL OPERATING FUND AND IS USED TO ACCOUNT FOR ALL FINANCIAL RESOURCES, EXCEPT THOSE REQUIRED TO BE ACCOUNTED FOR IN ANOTHER FUND. THE GENERAL FUND HEADING, AS IT APPEARS IN THE FINANCIAL STATEMENTS, INCLUDES THE FOLLOWING FUNDS: ELECTED STAFF, LEGAL, INFORMATION TECHNOLOGY, CENTRAL COMMUNICATIONS, POLICE, FIRE, COMMUNITY DEVELOPMENT, AND PROFESSIONAL TECHNICAL.

STREET FUND - THE STREET FUND IS USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY RESTRICTED TO EXPENDITURES FOR MAINTAINING AND CONSTRUCTING HIGHWAYS AND STREETS.

OTHER FUNDS IN THE AGGREGATE - OTHER FUNDS IN THE AGGREGATE CONSIST OF ALL FUNDS INCLUDED IN THE FINANCIAL STATEMENTS EXCEPT FOR THE GENERAL AND STREET FUNDS. THE FOLLOWING TYPES OF FUNDS ARE INCLUDED IN THIS COLUMN AS FOLLOWS:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SPECIAL REVENUE FUNDS - SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY RESTRICTED TO EXPENDITURES FOR SPECIFIC PURPOSES. THE FOLLOWING SPECIAL REVENUE FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: ANIMAL CONTROL, PARKS AND RECREATION, CONTINGENCY, SALES TAX, AND THE ADVERTISING AND PROMOTION COMMISSION.

CAPITAL PROJECT FUNDS - CAPITAL PROJECTS FUNDS ARE USED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES. THE FOLLOWING CAPITAL PROJECTS FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: BENTON PARKWAY AND MILITARY REDESIGN.

DEBT SERVICE FUNDS - DEBT SERVICE FUNDS ARE USED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR, AND THE PAYMENT OF, GENERAL LONG-TERM DEBT PRINCIPAL, INTEREST AND RELATED COSTS. THE DEBT SERVICE FUND INCLUDED ACTIVITY FOR THE SERIES 2000 CAPITAL IMPROVEMENT BONDS, THE SERIES 2007 GENERAL REVENUE PROMISSORY NOTES, THE LEASE-PURCHASE OF A FIRE TRUCK AND THE LEASE-PURCHASE OF POLICE VEHICLES, AND IS REPORTED WITH OTHER FUNDS IN THE AGGREGATE.

TRUST AND AGENCY FUNDS - TRUST AND AGENCY FUNDS ARE USED TO ACCOUNT FOR ASSETS HELD BY THE ENTITY IN A TRUSTEE CAPACITY, OR AS AN AGENT FOR INDIVIDUALS, PRIVATE ORGANIZATIONS, OTHER GOVERNMENTAL UNITS, AND OTHER FUNDS. NO ACTIVITY IS REPORTED FOR THESE FUNDS IN THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, AND THE TOTAL OF THESE ASSETS ARE OFFSET BY A CORRESPONDING LIABILITY (ASSETS HELD IN TRUST) ON THE BALANCE SHEET. THE FOLLOWING TRUST AND AGENCY FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: BENTON FIREFIGHTERS PENSION, CITY OF BENTON EMPLOYEES PENSION, BENTON UTILITIES EMPLOYEES PENSION, MUNICIPAL COURT JUDGE AND CLERK PENSION, ADMINISTRATION OF JUSTICE, POLICE BOND AND FINE, AND DISTRICT COURT BOND AND FINE.

- C. MEASUREMENT FOCUS AND REGULATORY BASIS OF ACCOUNTING - THE FINANCIAL STATEMENTS ARE PREPARED ON THE REGULATORY BASIS OF ACCOUNTING AS PRESCRIBED OR PERMITTED BY ARKANSAS CODE. THE REGULATORY BASIS DIFFERS FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE FINANCIAL STATEMENTS ARE REPORTED USING THE CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. REVENUES ARE RECOGNIZED AS SOON AS THEY ARE BOTH MEASURABLE AND AVAILABLE. REVENUES ARE CONSIDERED TO BE AVAILABLE WHEN THEY ARE COLLECTED WITHIN THE CURRENT PERIOD OR SOON ENOUGH THEREAFTER TO PAY LIABILITIES OF THE CURRENT PERIOD. ALL MAJOR REVENUES ARE SUSCEPTIBLE TO ACCRUAL. EXPENDITURES GENERALLY ARE RECORDED WHEN A LIABILITY IS INCURRED, AS UNDER ACCRUAL ACCOUNTING. HOWEVER, DEBT SERVICE EXPENDITURES ARE RECORDED ONLY WHEN THE LIABILITY HAS MATURED AND PAYMENT IS DUE. GENERAL CAPITAL ASSET ACQUISITIONS THAT PROVIDE FUTURE BENEFITS ARE CONSIDERED EXPENDITURES.
- D. CASH AND EQUIVALENTS - CASH AND EQUIVALENTS CONSISTS OF ALL CASH ON HAND, DEPOSITED IN THE BANK, OR DEPOSITED IN CERTIFICATES OF DEPOSIT.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- E. CASH DEPOSITS - ALL CASH DEPOSITS WERE INSURED OR COLLATERALIZED WITH SECURITIES HELD BY THE CITY, BY THE PLEDGING FINANCIAL INSTITUTION'S TRUST DEPARTMENT, OR BY ITS AGENT IN THE CITY'S NAME AS OF THE BALANCE SHEET DATE.
- F. INVESTMENTS - THE CITY'S ONLY INVESTMENTS WERE MAINTAINED IN TRUST FOR THE PENSION FUNDS. ALL OF THESE INVESTMENTS WERE INSURED, REGISTERED, OR SECURITIES HELD BY THE CITY OR ITS AGENT IN THE CITY'S NAME AS OF THE BALANCE SHEET DATE. ALL INVESTMENTS ARE CARRIED AT FAIR VALUE. UNDER THE AUTHORITY OF ACT 6 OF 1985, THE BOARD OF DIRECTORS OF THE FIREMAN'S PENSION FUND ELECTED TO DEPOSIT FUNDS WITH INVESTMENT BANKING FIRMS. THESE FUNDS ARE TO BE INVESTED IN CORPORATE STOCKS AND BONDS AND U.S. GOVERNMENT OBLIGATIONS. INCOME FROM THESE INVESTMENTS IS TO BE REINVESTED, AND AN ANNUAL MANAGEMENT FEE WILL BE DEDUCTED FROM THESE FUNDS.
- G. BUDGETS AND BUDGETARY ACCOUNTING - THE CITY FOLLOWS THESE PROCEDURES IN ESTABLISHING THE BUDGETARY DATA REFLECTED IN THE FINANCIAL STATEMENTS:
  - 1. FORMAL BUDGETARY INTEGRATION IS EMPLOYED AS A MANAGEMENT CONTROL DEVICE DURING THE YEAR FOR THE GENERAL, STREET, ANIMAL CONTROL AND PARKS/RECREATION FUNDS. THESE BUDGETS ARE ADOPTED ON A BASIS CONSISTENT WITH THE REGULATORY BASIS OF ACCOUNTING. UNDER THE REGULATORY BASIS OF ACCOUNTING ONLY THE GENERAL AND STREET FUND BUDGETS HAVE BEEN PRESENTED IN THE BASIC FINANCIAL STATEMENTS. THE CITY COUNCIL APPROVES ALL BUDGETS. PAYABLES ARE REPORTED ON THE ACCRUAL METHOD AND THERE ARE NO ALLOWANCES MADE FOR ENCUMBRANCES. APPROPRIATIONS ARE CUT OFF AT YEAR END AND ARE NOT LAPSED INTO THE NEXT YEAR.
  - 2. THE BUDGET AMOUNT SHOWN IN THE BASIC FINANCIAL STATEMENTS ARE THE FINAL AUTHORIZED AMOUNTS AS REVISED DURING THE YEAR.
- H. USE OF ESTIMATES - THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH THE MODIFIED ACCRUAL BASIS OF ACCOUNTING REQUIRES MANAGEMENT TO MAKE ESTIMATES AND ASSUMPTIONS THAT AFFECT THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES AND DISCLOSURE OF CONTINGENT ASSETS AND LIABILITIES AT THE DATE OF THE FINANCIAL STATEMENTS AND THE REPORTED AMOUNTS OF REVENUES AND EXPENSES DURING THE REPORTING PERIOD. ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES.
- I. PROPERTY TAXES - PROPERTY TAXES ARE LEVIED ON THE THIRD MONDAY IN FEBRUARY AND ARE DUE AND PAYABLE AT THAT TIME THROUGH OCTOBER 10TH. UNPAID TAXES ARE DELINQUENT ON OCTOBER 11TH. PROPERTY TAX REVENUES ARE RECOGNIZED WHEN RECEIVED.
- J. FUND BALANCE - IN THE BASIC FINANCIAL STATEMENTS, FUNDS REPORT RESERVATIONS OF FUND BALANCE FOR AMOUNTS THAT ARE NOT AVAILABLE FOR APPROPRIATION OR ARE LEGALLY RESTRICTED BY OUTSIDE PARTIES FOR USE FOR A SPECIFIC PURPOSE. COMMITMENTS OF FUND BALANCE REPRESENT TENTATIVE MANAGEMENT PLANS THAT ARE SUBJECT TO CHANGE. A COMMITMENT SHOULD BE ASSUMED FOR FUNDS THAT HAVE BEEN SEPARATELY ESTABLISHED, EVEN THOUGH SUCH FUNDS ARE REPORTED AS UNASSIGNED.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS

- A. GOVERNMENTAL FUND TYPES - STATE LAW GENERALLY REQUIRES THAT MUNICIPAL FUNDS BE DEPOSITED IN FEDERALLY INSURED BANKS LOCATED IN THE STATE OF ARKANSAS. THE MUNICIPAL DEPOSITS MAY BE IN THE FORM OF CHECKING ACCOUNTS, SAVINGS ACCOUNTS, AND/OR TIME DEPOSITS. PUBLIC FUNDS MAY ALSO BE INVESTED IN DIRECT OBLIGATIONS OF THE UNITED STATES OF AMERICA AND OBLIGATIONS THE PRINCIPAL AND INTEREST ON WHICH ARE FULLY GUARANTEED BY THE UNITED STATES OF AMERICA.
- B. PENSION TRUST FUNDS - STATE LAW PROVIDES THAT IF THE TOTAL ASSETS OF THE PENSION TRUST FUND ARE LESS THAN ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE FUNDS MAY BE DEPOSITED OR INVESTED AS NOTED ABOVE. IF THE TOTAL ASSETS OF THE FUND EXCEED ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE FUND MAY EMPLOY A PROFESSIONAL INVESTMENT ADVISOR TO INVEST THE ASSETS SUBJECT TO THE PRUDENT INVESTOR RULE AND/OR IN NO-LOAD MUTUAL FUNDS.

NOTE 3: LEGAL DEBT LIMIT - TAX SECURED BOND ISSUES

THE CITY IS SUBJECT TO A CONSTITUTIONAL LIMITATION FOR BONDED INDEBTEDNESS EQUAL TO TWENTY PERCENT (20%) OF THE TOTAL ASSESSED VALUE FOR TAX PURPOSES OF REAL AND PERSONAL PROPERTY AS DETERMINED BY THE LAST TAX ASSESSMENT. THERE WERE NO PROPERTY TAX SECURED BOND ISSUES AS OF DECEMBER 31, 2011 AND 2010.

NOTE 4: COUNCIL COMMITTED FUNDS

THE FOLLOWING IS A SCHEDULE OF THE COUNCIL COMMITTED FUNDS AT DECEMBER 31:

	<u>2011</u>	<u>2010</u>
GENERAL FUND		
COMMUNICATIONS SYSTEMS FUND	\$ 53,059	\$ 96,009
FINANCIAL STABILITY FUND	<u>393,642</u>	<u>180,591</u>
	446,701	276,600
STREET FUND		
STORMWATER FUND	234,281	
OTHER FUNDS IN THE AGGREGATE		
CONTINGENCY FUND	<u>2,855</u>	<u>2,848</u>
TOTAL COUNCIL DESIGNATED FUNDS	<u>\$ 683,837</u>	<u>\$ 279,448</u>

COMMUNICATION SYSTEMS FUND - THE CITY COUNCIL PASSED ORDINANCE 43 IN NOVEMBER 1997 TO CREATE A COMMUNICATIONS SYSTEM FUND FROM REVENUES PROVIDED UNDER LEASE AGREEMENTS BETWEEN THE CITY AND VARIOUS WIRELESS TELEPHONE PROVIDERS. THE FUNDS MAY ONLY BE EXPENDED WITH A TWO-THIRDS VOTE OF THE FULL CITY COUNCIL.

FINANCIAL STABILITY FUND - IN ACCORDANCE WITH ORDINANCE 84 OF 2007, THE CITY DEPOSITED FIFTY PERCENT OF ANY ACTUAL UNPLEDGED REVENUES INTO THE FINANCIAL STABILITY FUND FROM ANY BUDGET YEARS THAT HAVE BEEN PREVIOUSLY CLOSED, BEGINNING WITH THE 2007 BUDGET YEAR.

STORMWATER FUND - IN OCTOBER 2011, THE CITY COUNCIL APPROVED ORDINANCE 59 OF 2011 AMENDING ORDINANCE 64 OF 2006 TO SPECIFY THAT STORMWATER FUNDS BE DEPOSITED INTO A FUND SEPARATE OF THE GENERAL FUND TO BE APPROPRIATED AND EXPENDED AS DIRECTED BY THE CITY COUNCIL.

CONTINGENCY FUND - IN OCTOBER 2004, THE CITY COUNCIL APPROVED THE TRANSFER OF FUNDS FROM THE UTILITY FUND TO A CONTINGENCY FUND PURSUANT TO ORDINANCE 25 OF 1998.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RESTRICTED FUNDS

RESTRICTED FUNDS ARE CASH AND EQUIVALENTS THAT HAVE BEEN LIMITED TO USES SPECIFIED EITHER EXTERNALLY BY CREDITORS, GRANTORS, CONTRIBUTORS, OR LAWS AND REGULATIONS OF OTHER GOVERNMENTS OR INTERNALLY BY LAW THROUGH CONSTITUTIONAL PROVISIONS OR ENABLING LEGISLATION. THE FOLLOWING IS A SCHEDULE OF THE RESTRICTED FUNDS AT DECEMBER 31:

	<u>2011</u>	<u>2010</u>
GENERAL FUND		
COURT AUTOMATION FUND	\$ 97,318	\$ 241,870
POLICE DRUG CONTROL FUNDS	12,759	17,157
ECONOMIC DEVELOPMENT FUNDS	5	
POLICE NUISANCE ABATEMENT FUND	1	1
	<u>110,083</u>	<u>259,028</u>
STREET FUND		
STREET IMPROVEMENTS FUND	1,201,245	972,549
	<u>1,201,245</u>	<u>972,549</u>
OTHER FUNDS IN THE AGGREGATE		
BENTON PARKWAY FUND	7,579	7,561
MILITARY REDESIGN FUND	892,902	1,534,678
DEBT SERVICE FUND	517,986	532,163
PARKS AND RECREATION FUND	1,581	1,856
AGENCY AND PENSION TRUST FUNDS	1,607,934	476,953
	<u>3,027,982</u>	<u>2,553,211</u>
 TOTAL RESTRICTED FUNDS	 <u>\$ 4,339,310</u>	 <u>\$ 3,784,788</u>

NOTE 6: INVESTMENTS

THE FOLLOWING IS A SCHEDULE OF THE INVESTMENTS AT DECEMBER 31:

	<u>2011</u>	<u>2010</u>
METROPOLITAN NATIONAL BANK		
MUTUAL FUNDS	\$ 11,303,010	\$ 12,217,317
CORPORATE BONDS	1,393,480	1,446,249
	<u>12,696,490</u>	<u>13,663,566</u>
MERRILL LYNCH		
MUTUAL FUNDS	200,875	388,671
GOVERNMENT SECURITIES	126,457	406,058
CORPORATE BONDS	216,458	194,869
CORPORATE STOCKS	1,026,941	954,818
	<u>1,570,731</u>	<u>1,944,416</u>
 TOTAL INVESTMENTS	 <u>\$ 14,267,221</u>	 <u>\$ 15,607,982</u>

NOTE 7: COMMITMENTS

LONG-TERM DEBT - THE CITY HAD OUTSTANDING COMMITMENTS FOR THE LEASE-PURCHASE AGREEMENT ON A FIRE TRUCK, THE LEASE-PURCHASE AGREEMENT ON POLICE VEHICLES, THE SERIES 2000 CAPITAL IMPROVEMENT REVENUE BONDS, AND THE SERIES 2007 GENERAL REVENUE PROMISSORY NOTES.

THE SOVEREIGN BANK CAPITAL LEASE-PURCHASE MATURED ANNUALLY AT 3.56% THROUGH DECEMBER 2, 2010, SECURED BY THE VEHICLE PURCHASED.

THE FORD MOTOR CREDIT CAPITAL LEASE-PURCHASE HAD A BALANCE OF \$149,199 AT DECEMBER 31, 2010, MATURING ANNUALLY AT 4.60% THROUGH MAY 21, 2011, SECURED BY THE VEHICLES PURCHASED.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: COMMITMENTS (CONT'D)

THE SERIES 2000 BONDS HAD A BALANCE OF \$550,000 AND \$670,000 AT DECEMBER 31, 2011 AND 2010, RESPECTIVELY. THE BONDS MATURE ANNUALLY ON NOVEMBER 1 AT VARYING AMOUNTS THROUGH 2015, WITH INTEREST DUE SEMI-ANNUALLY ON MAY 1 AND NOVEMBER 1 AT INTEREST RATES RANGING FROM 4.75-5.60%, SECURED BY A PLEDGE OF REVENUES DERIVED BY THE CITY FROM ALL FRANCHISE FEES COLLECTED FROM PUBLIC UTILITIES FOR THE PRIVILEGE OF USING THE STREETS, HIGHWAYS AND OTHER PUBLIC PLACES IN THE CITY.

THE SERIES 2007 BONDS HAD A BALANCE OF \$655,000 AND \$1,290,000 AT DECEMBER 31, 2011 AND 2010, RESPECTIVELY. THE BONDS MATURE ANNUALLY ON JUNE 1 AT VARYING AMOUNTS THROUGH 2012, WITH INTEREST DUE SEMI-ANNUALLY ON JUNE 1 AND DECEMBER 1 AT INTEREST RATES RANGING FROM 3.60-3.70%, SECURED BY THE GENERAL REVENUES DERIVED BY THE CITY.

THE FUTURE SCHEDULED MATURITIES OF LONG-TERM DEBT ARE AS FOLLOWS:

	PRINCIPAL	INTEREST	TOTAL
2012	\$ 780,000	\$ 42,195	\$ 822,195
2013	135,000	23,390	158,390
2014	140,000	16,100	156,100
2015	150,000	8,400	158,400
	<u>\$ 1,205,000</u>	<u>\$ 90,085</u>	<u>\$ 1,295,085</u>

THE FOLLOWING SCHEDULE DETAILS THE CHANGES IN THE CITY'S LONG-TERM DEBT FOR THE YEARS ENDING DECEMBER 31:

	2011	2010
BEGINNING BALANCE	\$ 2,109,198	\$ 3,078,936
RETIRED	(904,198)	(969,738)
ENDING BALANCE	<u>\$ 1,205,000</u>	<u>\$ 2,109,198</u>

COMPENSATED ABSENCES - IT IS THE CITY'S POLICY TO PERMIT EMPLOYEES TO ACCUMULATE A LIMITED AMOUNT OF EARNED BUT UNUSED VACATION LEAVE, WHICH WILL BE PAID TO EMPLOYEES UPON SEPARATION FROM THE CITY'S SERVICES. IT IS THE CITY'S POLICY TO PAY UP TO A MAXIMUM OF 90 ACCUMULATED SICK DAYS TO EMPLOYEES WHO RETIRE FROM THE CITY. THE FOLLOWING IS A SCHEDULE OF COMPENSATED ABSENCES AT DECEMBER 31, 2010 AND 2009:

	GENERAL FUND	STREET FUND	OTHER FUNDS	2011 TOTAL
UNUSED VACATION	\$ 134,528	\$ 11,876	\$ 10,816	\$ 157,220
UNUSED SICK LEAVE	112,390	23,189	61,004	196,583
	<u>\$ 246,918</u>	<u>\$ 35,065</u>	<u>\$ 71,820</u>	<u>\$ 353,803</u>
	GENERAL FUND	STREET FUND	OTHER FUNDS	2010 TOTAL
UNUSED VACATION	\$ 141,681	\$ 10,381	\$ 10,659	\$ 162,721
UNUSED SICK LEAVE	50,656	22,182	68,494	141,332
	<u>\$ 192,337</u>	<u>\$ 32,563</u>	<u>\$ 79,153</u>	<u>\$ 304,053</u>

BENTON POLICE PENSION FUND - THE CITY OF BENTON HAS A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME POLICEMEN HIRED PRIOR TO JANUARY 1, 1983. PLAN ASSETS WERE CONSOLIDATED WITH THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI) IN DECEMBER 2010 AND EFFECTIVE JANUARY 1, 2011 THE PLAN WAS ADMINISTERED BY LOPFI. THE TOTAL ANNUAL ESTIMATED COST TO CONSOLIDATE IS APPROXIMATELY \$230,000 FOR FIFTEEN YEARS.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RISK MANAGEMENT

THE CITY IS EXPOSED TO VARIOUS RISKS OF LOSS RELATED TO TORTS; THEFT OF, DAMAGE TO, AND DESTRUCTION OF ASSETS; ERRORS AND OMISSIONS; AND NATURAL DISASTERS. THESE RISKS ARE COVERED BY COMMERCIAL INSURANCE PURCHASED FROM INDEPENDENT THIRD PARTIES AND PARTICIPATION IN A PUBLIC ENTITY RISK POOL. THE AMOUNT OF SETTLEMENTS HAS NOT EXCEEDED THE INSURANCE COVERAGE FOR THE PAST THREE YEARS. THERE WERE NO SIGNIFICANT REDUCTIONS IN INSURANCE COVERAGE IN THE MAJOR CATEGORIES OF RISK FROM COVERAGE IN THE PRIOR YEAR.

THE CITY PARTICIPATES IN THE ARKANSAS MUNICIPAL LEAGUE PROGRAM (PUBLIC ENTITY RISK POOLS) FOR COVERAGE IN THE FOLLOWING AREAS:

BUILDING AND CONTENTS PROGRAM - THIS PROGRAM COVERS CITY-OWNED PROPERTY AS LISTED ON THE STATEMENT OF VALUES. COVERAGE IS LIMITED TO \$5,000,000 LIMIT PER BUILDING /LOCATION. EXCESS LIMITS ARE PROVIDED UP TO THE ACTUAL REPLACEMENT COST LIMITS OF THE PROPERTY AS PER THE STATEMENT OF VALUES, ANNUAL AGGREGATE OF \$10,000,000 PER LOCATION FOR BUILDINGS AND CONTENTS AND ELECTRONIC DATA PROCESSING EQUIPMENT. THE PROGRAM ADMINISTRATOR ESTABLISHES ANNUALLY A SERVICE CHARGE BASED ON THE PROPERTY COVERED.

VEHICLE PROGRAM - THIS PROGRAM PROVIDES AUTOMOBILE LIABILITY AND AUTO PHYSICAL DAMAGE. AUTOMOBILE LIABILITY IS LIMITED TO \$25,000 FOR BODILY INJURY PER PERSON, \$50,000 FOR BODILY INJURY PER ACCIDENT AND \$25,000 FOR PROPERTY DAMAGE PER ACCIDENT. AUTO PHYSICAL DAMAGE COMPREHENSIVE/COLLISION COVERAGE IS ACTUAL CASH VALUE OF THE VEHICLE. THE PROGRAM ADMINISTRATOR ESTABLISHES ANNUALLY A SERVICE CHARGE BASED ON THE VEHICLES COVERED.

WORKERS' COMPENSATION - THIS PROGRAM PROVIDES STATUTORY BENEFITS FOR LOSSES INCURRED BY MUNICIPAL OFFICIALS AND EMPLOYEES WHILE PERFORMING WORK FOR THE MUNICIPALITY. RATES FOR MUNICIPALITIES PARTICIPATING IN THIS PROGRAM ARE REVISED ANNUALLY BASED ON THE COST EXPERIENCE OF THE PARTICULAR MUNICIPALITY OR GROUP AS DETERMINED BY THE WORKERS' COMPENSATION COMMISSION.

MUNICIPAL LEGAL DEFENSE PROGRAM - THE PROGRAM SHALL, AT THE SOLE DISCRETION OF THE PROGRAM ADMINISTRATORS, PROVIDE EXTRAORDINARY LEGAL DEFENSE AND EXTRAORDINARY EXPENSES IN SUITS AGAINST MUNICIPAL OFFICIALS AND EMPLOYEES AND CIVIL RIGHTS SUITS AGAINST THE MUNICIPAL GOVERNMENT OF A PARTICIPATING MUNICIPALITY AND PAY EXTRAORDINARY JUDGMENTS (FOR ACTUAL DAMAGES - NOT PUNITIVE DAMAGES) IMPOSED ON MUNICIPAL OFFICIALS AND EMPLOYEES AND THE MUNICIPAL GOVERNMENT. THE PROGRAM SHALL NEVER BE LIABLE TO REIMBURSE THE MUNICIPAL GOVERNMENT, MUNICIPAL OFFICIALS AND EMPLOYEES BECAUSE OF JUDGMENT IN ANY ONE LAWSUIT FOR MORE THAN 25 PERCENT OF THE PROGRAM'S AVAILABLE FUNDS AT TIME THE LAWSUIT WAS FILED OR THE JUDGMENT BECOMES FINAL, OR \$1 MILLION, WHICHEVER IS LESS. THE CITY AGREES TO PAY INTO THE PROGRAM EACH YEAR A CHARGE ESTABLISHED BY THE STEERING COMMITTEE. EACH CITY ALSO AGREES TO PAY THE FIRST \$2,000 OF THE AGGREGATE COST FOR ALL EXPENSES ON EACH LAWSUIT. THIS COST DEPOSIT IS NOT REFUNDABLE.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RISK MANAGEMENT (CONT'D)

THE CITY PARTICIPATES IN THE SELF-INSURED FIDELITY BOND PROGRAM ADMINISTERED BY THE GOVERNMENTAL BONDING BOARD. THIS PROGRAM COVERS ACTUAL LOSSES SUSTAINED BY THE PARTICIPATING ENTITY THROUGH ANY FRAUDULENT OR DISHONEST ACT OR ACTS COMMITTED BY ANY OF THE OFFICIALS OR EMPLOYEES, ACTING ALONE OR IN COLLUSION WITH OTHERS, DURING THE BOND PERIOD TO AN AMOUNT NOT EXCEEDING THE LESSER OF \$300,000 OR THE AMOUNT OF THE BOND. PREMIUMS FOR COVERAGE ARE DETERMINED BY THE STATE RISK MANAGER AND APPROVED BY THE BOARD. THESE PREMIUMS ARE PAID BY THE STATE TREASURER FROM FUNDS WITHHELD FROM THE MUNICIPAL AID FUND. THERE IS A \$1,000 DEDUCTIBLE PER OCCURRENCE.

UNTIL OCTOBER 2011, THE CITY PARTICIPATED IN THE CENTRAL ARKANSAS RISK MANAGEMENT ASSOCIATION (CARMA) PUBLIC ENTITY RISK POOL FOR COVERAGE IN THE FOLLOWING AREAS:

BUILDING AND CONTENTS PROGRAM - THIS PROGRAM COVERED CITY-OWNED PROPERTY AS LISTED ON THE STATEMENT OF VALUES. COVERAGE WAS LIMITED TO \$50,000 LIMIT PER BUILDING /LOCATION. EXCESS LIMITS WERE PROVIDED UP TO THE ACTUAL REPLACEMENT COST LIMITS OF THE PROPERTY AS PER THE STATEMENT OF VALUES, ANNUAL AGGREGATE OF \$10,000,000 PER LOCATION FOR BUILDINGS AND CONTENTS AND ELECTRONIC DATA PROCESSING EQUIPMENT.

VEHICLE PROGRAM - THIS PROGRAM PROVIDED AUTOMOBILE LIABILITY AND AUTO PHYSICAL DAMAGE. AUTOMOBILE LIABILITY WAS LIMITED TO \$25,000 FOR BODILY INJURY PER PERSON, \$50,000 FOR BODILY INJURY PER ACCIDENT AND \$25,000 FOR PROPERTY DAMAGE PER ACCIDENT. AUTO PHYSICAL DAMAGE COMPREHENSIVE/COLLISION COVERAGE WAS ACTUAL CASH VALUE OF THE VEHICLE.

GENERAL LIABILITY PROGRAM - THIS PROGRAM PROVIDED GENERAL LIABILITY, POLICE PROFESSIONAL AND ERRORS AND OMISSIONS LIABILITY COVERAGE. COVERAGE WAS LIMITED TO \$250,000 PER OCCURRENCE FOR BODILY INJURY AND PROPERTY DAMAGE ONLY IF IMMUNITY DOES NOT APPLY. POLICE PROFESSIONAL WAS LIMITED TO \$250,000 PER OCCURRENCE IF IMMUNITY DOES NOT APPLY. ERRORS AND OMISSIONS WERE LIMITED TO \$250,000 PER OCCURRENCE. THIS PROGRAM ALSO PROVIDED FOR LOSS OF MONEY, \$50,000 EACH AND EVERY LOSS, EMPLOYEE FIDELITY, \$100,000 EACH AND EVERY LOSS, ELECTRONIC DATA PROCESSING EQUIPMENT, MEDIA AND EXTRA EXPENSE, \$100,000 EACH OCCURRENCE, MISCELLANEOUS CONTRACTORS EQUIPMENT, \$100,000 EACH AND EVERY LOSS.

PARTICIPATING MEMBERS DEDUCTIBLE WAS \$1,000 FOR EACH OCCURRENCE EXCEPT AUTO COMPREHENSIVE, WHICH IS ACTUAL CASH VALUE.

THE CITY AGREED TO PAY INTO THE PROGRAM EACH YEAR A CHARGE ESTABLISHED BY THE CENTRAL ARKANSAS RISK MANAGEMENT ASSOCIATION BASED ON COST ALLOCATION FORMULAS FOR THE PARTICIPATING ENTITIES.

NOTE 9: RECLASSIFICATIONS

CERTAIN ACCOUNTS IN THE PRIOR-YEAR FINANCIAL STATEMENTS HAVE BEEN RECLASSIFIED FOR COMPARATIVE PURPOSES TO CONFORM WITH THE PRESENTATION IN THE CURRENT-YEAR FINANCIAL STATEMENTS.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTERFUND BALANCES

THE FOLLOWING IS A SCHEDULE OF INTERFUND BALANCES AT DECEMBER 31, 2011:

	<u>DUE FROM OTHER FUNDS</u>		
	<u>GENERAL FUND</u>	<u>UTILITIES FUND</u>	<u>DUE TO OTHER FUNDS</u>
GENERAL FUND	\$	\$ 13,983	\$ 13,983
STREET FUND		3,509	3,509
OTHER FUNDS IN THE AGGREGATE	4,973	26,843	31,816
	<u>\$ 4,973</u>	<u>\$ 44,335</u>	<u>\$ 49,308</u>

THE BALANCE OF \$44,335 DUE THE UTILITIES FUND FROM THE GENERAL, STREET AND OTHER FUNDS IN THE AGGREGATE RESULTED FROM ADMINISTRATION COSTS CHARGED TO THE UTILITIES FUND EMPLOYEE COSTS AND REIMBURSED THROUGH TRANSFERS FROM THE VARIOUS FUNDS. ALL OF THESE BALANCES ARE EXPECTED TO BE SETTLED IN 2012.

THE REMAINING BALANCE RESULTED FROM THE TIME LAG BETWEEN THE DATES THAT (1) REIMBURSABLE EXPENDITURES OCCUR, (2) TRANSACTIONS ARE RECORDED IN THE ACCOUNTING SYSTEM, AND (3) PAYMENTS BETWEEN FUNDS ARE MADE. ALL OF THIS BALANCE IS EXPECTED TO BE SETTLED IN 2012.

THE FOLLOWING IS A SCHEDULE OF INTERFUND BALANCES AT DECEMBER 31, 2010:

	<u>DUE FROM OTHER FUNDS</u>			
	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>UTILITIES FUND</u>	<u>DUE TO OTHER FUNDS</u>
GENERAL FUND	\$	\$ 65,832	\$	\$ 65,832
OTHER FUNDS IN THE AGGREGATE	4,973		15,064	20,037
	<u>\$ 4,973</u>	<u>\$ 65,832</u>	<u>\$ 15,064</u>	<u>\$ 85,869</u>

THE BALANCE OF \$65,832 DUE THE STREET FUND FROM THE GENERAL FUND RESULTED FROM A LOAN OF \$197,494 TO PURCHASE TWO PARCELS OF PROPERTY. THIS LOAN WILL BE REPAID IN THREE ANNUAL INSTALLMENTS OF \$65,832. THE FINAL PAYMENT WAS IN 2011.

ALL REMAINING BALANCES RESULTED FROM THE TIME LAG BETWEEN THE DATES THAT (1) REIMBURSABLE EXPENDITURES OCCUR, (2) TRANSACTIONS ARE RECORDED IN THE ACCOUNTING SYSTEM, AND (3) PAYMENTS BETWEEN FUNDS ARE MADE.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: INTERFUND TRANSFERS

TRANSFERS ARE USED TO (1) MOVE REVENUES FROM THE FUND THAT STATUTE OR BUDGET REQUIRES TO COLLECT THEM TO THE FUND THAT STATUTE OR BUDGET REQUIRES TO EXPEND THEM, (2) MOVE RECEIPTS RESTRICTED TO DEBT SERVICE FROM THE FUNDS COLLECTING THE RECEIPTS TO THE DEBT SERVICE FUND AS DEBT SERVICE PAYMENTS BECOME DUE, (3) REIMBURSE A CAPITAL PROJECT OR IMPROVEMENT FUND FOR CAPITAL EXPENDITURES, (4) REIMBURSE EMPLOYEE COSTS CHARGED TO THE UTILITIES FUND AND REIMBURSED THROUGH TRANSFERS FROM THE VARIOUS FUNDS AND (5) USE UNRESTRICTED REVENUES COLLECTED IN THE GENERAL FUND TO FINANCE VARIOUS PROGRAMS ACCOUNTED FOR IN OTHER FUNDS IN ACCORDANCE WITH BUDGETARY AUTHORIZATIONS. THE FOLLOWING IS A SCHEDULE OF INTERFUND TRANSFERS FOR THE YEAR ENDING DECEMBER 31, 2011:

	TRANSFERS IN FROM OTHER FUNDS				TRANSFERS OUT TO OTHER FUNDS
	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE	UTILITIES FUND	
GENERAL FUND	\$	\$ 211,956	\$ 502,887	\$ 190,437	\$ 905,280
STREET FUND			646,666	49,691	696,357
OTHER FUNDS IN THE AGGREGATE	5,837,659	1,265,021	1,350,521	30,647	8,483,848
UTILITIES FUND	1,865,953				1,865,953
	<u>\$ 7,703,612</u>	<u>\$ 1,476,977</u>	<u>\$ 2,500,074</u>	<u>\$ 270,775</u>	<u>\$ 11,951,440</u>

THE FOLLOWING IS A SCHEDULE OF INTERFUND TRANSFERS FOR THE YEAR ENDING DECEMBER 31, 2010:

	TRANSFERS IN FROM OTHER FUNDS			TRANSFERS OUT TO OTHER FUNDS
	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE	
GENERAL FUND	\$	\$	\$ 588,490	\$ 588,490
STREET FUND			624,586	624,586
OTHER FUNDS IN THE AGGREGATE	6,138,953	2,489,240	1,290,209	9,918,402
UTILITIES FUND	1,866,213			1,866,213
	<u>\$ 8,005,166</u>	<u>\$ 2,489,240</u>	<u>\$ 2,503,285</u>	<u>\$ 12,997,691</u>

NOTE 12: RETIREMENT PLANS

CERTAIN FINANCIAL DISCLOSURES ARE REQUIRED FOR A DEFINED BENEFIT PENSION PLAN. THIS INFORMATION PROVIDES CLARIFICATION IN ASSESSING THE PRESENT AND FUTURE ABILITY OF THE PENSION PLAN TO PAY BENEFITS AS THEY BECOME DUE, HOWEVER THE INFORMATION WILL NOT CHANGE THE VALUE OR PRESENTATION OF THE FINANCIAL STATEMENTS. THESE DISCLOSURES ARE DETERMINED BY AN ACTUARY AND PRESENTED IN ADDITION TO THE FINANCIAL STATEMENTS.

- A. ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM - ACT 1374 OF 2004 CREATED THE ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM (ADJRS). ADJRS IS A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN. INFORMATION REGARDING THIS PLAN IS PROVIDED IN THE ACT. ADJRS WILL ISSUE A PUBLICLY AVAILABLE FINANCIAL REPORT THAT INCLUDES FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF THE PLAN, WHICH MAY BE OBTAINED BY CONTACTING THE FOLLOWING:

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM  
124 WEST CAPITOL, SUITE 400  
LITTLE ROCK, ARKANSAS 72201

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

- B. THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM - ACT 364 OF 1981 CREATED THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI) FOR ALL NEW HIRES OF POLICEMEN OR FIREMEN SINCE JANUARY 1, 1983. LOPFI IS A STATEWIDE AGENT MULTIPLE-EMPLOYER RETIREMENT PROGRAM THAT PROVIDES RETIREMENT, DISABILITY, AND SURVIVOR BENEFITS TO POLICE AND FIRE EMPLOYEES OF POLITICAL SUBDIVISIONS OF THE ARKANSAS. LOPFI ISSUES A PUBLICLY AVAILABLE FINANCIAL REPORT THAT INCLUDES FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF THE PLAN, WHICH MAY BE OBTAINED BY CONTACTING THE FOLLOWING:

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM  
P.O. DRAWER 34164  
LITTLE ROCK, ARKANSAS 72203  
(501) 682-1745

EMPLOYEES ARE ENTITLED TO A MONTHLY PENSION BASED ON A FORMULA DETERMINED BY AVERAGE PAY DURING THE SIXTY CONSECUTIVE MONTHS PRIOR TO RETIREMENT AND LONGEVITY OF SERVICE. COVERED FIREMEN ARE REQUIRED TO CONTRIBUTE SIX PERCENT OF THEIR SALARY. COVERED POLICEMEN ARE NOT REQUIRED TO CONTRIBUTE TO THE PLAN. THE SYSTEM IS SUPPORTED ON THE LOCAL LEVEL BY A PORTION OF THE STATE INSURANCE TURNBACK SUBSIDY. SHOULD THE STATE INSURANCE TURNBACK AND EMPLOYEE WITHHOLDINGS BE OF AN INSUFFICIENT AMOUNT TO FUND THE STATE REQUIREMENTS, THE GENERAL FUND OF THE CITY OF BENTON IS TO PROVIDE THE ADDITIONAL REQUIRED SUPPORT.

- C. BENTON FIREFIGHTERS PENSION FUND - THE CITY HAS A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME FIREMEN HIRED PRIOR TO JANUARY 1, 1983. THE PLAN WAS ESTABLISHED IN ACCORDANCE WITH ACT 491 OF ARKANSAS CODE ANNOTATED OF 1987. THE PLAN IS ADMINISTERED BY A SEVEN-MEMBER BOARD OF TRUSTEES COMPRISED OF THE MAYOR, CITY CLERK, FIRE CHIEF AND FOUR MEMBERS OF THE FIRE DEPARTMENT. THE PLAN'S ASSETS ARE HELD BY THE CITY IN A PENSION TRUST FUND. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE ALSO AVAILABLE IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2010, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	31
CURRENT EMPLOYEES	2
TOTAL	<u>33</u>

EMPLOYEES WHO HAVE BEEN DULY APPOINTED AND ENROLLED AND HAVE SERVED FOR A PERIOD OF 20 YEARS OR MORE SHALL BE ENTITLED TO RETIREMENT BENEFITS. THEY ARE ENTITLED TO A MONTHLY PENSION EQUAL TO ONE HALF OF THE SALARY ATTACHED TO THE RANK, WHICH THEY MAY HAVE HELD PRECEDING RETIREMENT. FURTHER, ANY EMPLOYEE WHO VOLUNTARILY RETIRES WITH MORE THAN 20 YEARS OF CONTINUOUS SERVICE SHALL RECEIVE THE SUM OF \$5.00 PER MONTH FOR EACH YEAR OF ADDITIONAL SERVICE UP TO \$25.00 PER MONTH.

COVERED EMPLOYEES ARE REQUIRED TO CONTRIBUTE SIX PERCENT OF THEIR SALARY. THE CITY MATCHES THE EMPLOYEE'S CONTRIBUTIONS UP TO 6% OF THEIR SALARY. ANY REMAINING AMOUNT NECESSARY TO PAY BENEFITS IS RECEIVED FROM A MILLAGE TAX ON REAL ESTATE AND PERSONAL PROPERTY, STATE INSURANCE TURNBACK FUNDS, AND GENERAL REVENUES, IF NECESSARY. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

	2010	2009	2008
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 1,277,358	\$ 882,917	\$ 630,525
INTEREST ON NPO	102,715	114,488	88,510
ADJUSTMENT TO ARC	(463,193)	(358,081)	(322,969)
ANNUAL PENSION COST (APC)	916,880	639,324	396,066
ACTUAL CONTRIBUTION MADE	(222,493)	(220,566)	(235,694)
INCREASE (DECREASE) IN NPO	694,387	418,758	160,372
NPO - BEGINNING OF YEAR	2,054,297	1,635,539	1,475,167
NPO - END OF YEAR	<u>\$ 2,748,684</u>	<u>\$ 2,054,297</u>	<u>\$ 1,635,539</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2010 WAS DETERMINED AS PART OF THE DECEMBER 31, 2009 ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED (A) 5.0% INVESTMENT RATE OF RETURN AND (B) PROJECTED SALARY INCREASES RANGING FROM 4.2% TO 8.0% PER YEAR. BOTH (A) AND (B) INCLUDED AN INFLATION COMPONENT OF 4.0%. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFIT INCREASES. THE ACTUARIAL VALUE OF ASSETS WAS BASED ON THE FAIR MARKET VALUE. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BEING AMORTIZED AS A LEVEL PERCENTAGE OF PROJECTED PAYROLL ON A CLOSED BASIS. THE REMAINING AMORTIZATION PERIOD AT DECEMBER 31, 2009 WAS FIVE YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS:

	APC	% OF APC CONTRIBUTED	NPO
2010	\$916,880	24.3%	\$ 2,748,684
2009	\$639,324	34.5%	\$ 2,054,297
2008	\$396,066	59.5%	\$ 1,635,539

  

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ((B-A)/C)
12/31/09	\$ 2,210,118	\$ 7,728,586	\$5,518,468	28.6%	\$ 104,040	5,304.2%
12/31/08	\$ 2,324,871	\$ 6,272,506	\$3,947,635	37.1%	\$ 111,563	3,538.5%
12/31/07	\$ 3,497,412	\$ 6,291,940	\$2,794,528	55.6%	\$ 111,563	2,504.9%

- D. BENTON POLICE PENSION FUND - THE CITY OF BENTON HAD A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERED ALL FULL-TIME POLICEMEN HIRED PRIOR TO JANUARY 1, 1983. THE PLAN WAS ESTABLISHED IN ACCORDANCE WITH ACT 250 OF ARKANSAS CODE ANNOTATED OF 1987. THE PLAN WAS ADMINISTERED BY A SEVEN-MEMBER BOARD OF TRUSTEES COMPRISED OF THE MAYOR, CITY CLERK AND THREE MEMBERS OF THE POLICE DEPARTMENT ELECTED BY PARTICIPATING MEMBERS. THESE FIVE MEMBERS THEN ELECTED THE OTHER MEMBERS, ONE WHICH WAS A REPUTABLE PHYSICIAN AND THE OTHER A POLICE DEPARTMENT RETIREE. THE PLAN'S ASSETS WERE HELD BY THE CITY IN A PENSION TRUST FUND. PLAN ASSETS WERE CONSOLIDATED WITH THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI) IN DECEMBER 2010 AND EFFECTIVE JANUARY 1, 2011 THE PLAN WAS ADMINISTERED BY LOPFI. SEE NOTE 7 COMMITMENTS FOR ESTIMATED COSTS.
- E. CITY OF BENTON EMPLOYEES PENSION PLAN - THE EMPLOYEES OF THE CITY OF BENTON ARE COVERED BY A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME EMPLOYEES WHO HAVE SIX MONTHS OF SERVICE.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

THE PLAN IS ADMINISTERED BY STEPHENS CAPITAL MANAGEMENT, INC. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE INCLUDED IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF JANUARY 1, 2011, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	22
VESTED TERMINATED EMPLOYEES	19
DISABLED	2
CURRENT EMPLOYEES	<u>56</u>
TOTAL	<u>99</u>

THE PLAN PROVIDES RETIREMENT BENEFITS AS WELL AS DISABILITY BENEFITS. PARTICIPANTS BEGIN VESTING AT FIVE YEARS OF SERVICE AND ARE 100 PERCENT VESTED AT FIFTEEN YEARS OF SERVICE. ALL EMPLOYEES ARE ENTITLED TO A RETIREMENT BENEFIT BASED ON PERIOD OF SERVICE. FOR SERVICES PRIOR TO OCTOBER 31, 1968, BENEFITS ARE BASED ON .5 PERCENT OF MONTHLY COMPENSATION AND .5 PERCENT OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM DATE OF HIRE TO OCTOBER 31, 1968. FOR SERVICE BETWEEN OCTOBER 31, 1968 AND DECEMBER 31, 1989, BENEFITS ARE BASED ON 2 PERCENT OF AVERAGE MONTHLY COMPENSATION AND .75 PERCENT OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM THE LATER OF OCTOBER 31, 1969 TO DECEMBER 31, 1989. FOR SERVICES AFTER DECEMBER 31, 1989, BENEFITS ARE BASED ON 2.75% OF AVERAGE MONTHLY COMPENSATION MULTIPLIED BY YEARS OF SERVICE (MAXIMUM 30 YEARS) TO NORMAL RETIREMENT DATE.

EMPLOYEES MAY TAKE EARLY RETIREMENT BETWEEN 55 AND 65. THE EMPLOYEE MUST COMPLETE TEN YEARS OF SERVICE AND BE AT LEAST 55 YEARS OF AGE TO BE ELIGIBLE FOR BENEFITS. THE EARLY RETIREMENT PENSION IS THE ACTUARIAL EQUIVALENT OF THE ACCRUED BENEFITS AT NORMAL RETIREMENT AGE.

EMPLOYEES MAKE NO CONTRIBUTION TO THE PLAN. THE CITY OF BENTON CONTRIBUTION IS ACTUARIALLY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$355,019 IN 2011 AND \$364,390 IN 2010. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2011	2010	2009
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 317,779	\$ 327,685	\$ 373,212
INTEREST ON NPO	(11,840)	(9,122)	(17,877)
ADJUSTMENT TO ARC	<u>12,435</u>	<u>9,580</u>	<u>18,774</u>
ANNUAL PENSION COST (APC)	318,374	328,143	374,109
ACTUAL CONTRIBUTION MADE	<u>(355,019)</u>	<u>(364,390)</u>	<u>(257,370)</u>
INCREASE (DECREASE) IN NPO	(36,645)	(36,247)	116,739
NPO - BEGINNING OF YEAR	<u>(157,870)</u>	<u>(121,623)</u>	<u>(238,362)</u>
NPO - END OF YEAR	<u>\$ (194,515)</u>	<u>\$ (157,870)</u>	<u>\$ (121,623)</u>

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

THE ANNUAL REQUIRED CONTRIBUTION FOR 2011 WAS DETERMINED AS PART OF THE JANUARY 1, 2011 ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED 7.5% INVESTMENT RATE OF RETURN AND A PROJECTED SALARY INCREASE OF 2.0% ANNUALLY. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFIT INCREASES. THE ACTUARIAL VALUE OF ASSETS WAS BASED ON THE FAIR MARKET VALUE. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BEING AMORTIZED AS A LEVEL PERCENTAGE OF PROJECTED PAYROLL ON AN OPEN BASIS. THE REMAINING AMORTIZATION PERIOD AT JANUARY 1, 2011 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS AND THE SCHEDULE OF FUNDING PROGRESS:

		APC	% OF APC CONTRIBUTED	NPO
2011		\$318,374	111.5%	\$(194,515)
2010		\$328,143	111.0%	\$(157,870)
2009		\$374,109	68.8%	\$(121,623)

  

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL (B-A)/C
12/31/10	\$ 3,860,505	\$ 5,043,465	\$ 1,182,960	77%	\$ 1,896,410	62%
12/31/09	\$ 3,373,873	\$ 4,754,417	\$ 1,380,544	71%	\$ 1,828,892	75%
12/31/08	\$ 2,896,763	\$ 4,789,536	\$ 1,892,773	60%	\$ 1,917,169	99%

- F. BENTON UTILITIES EMPLOYEES PENSION PLAN - THE EMPLOYEES OF THE CITY UTILITIES ARE COVERED BY A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME EMPLOYEES WHO HAVE SIX MONTHS OF SERVICE.

THE PLAN IS ADMINISTERED BY STEPHENS CAPITAL MANAGEMENT, INC. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE INCLUDED IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF JANUARY 1, 2011, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	36
VESTED TERMINATED EMPLOYEES	24
DISABLED	1
CURRENT EMPLOYEES	82
TOTAL	<u>143</u>

THE PLAN PROVIDES RETIREMENT BENEFITS AS WELL AS DISABILITY BENEFITS. BENEFITS BEGIN VESTING AT FIVE YEARS OF SERVICE AND ARE 100 PERCENT VESTED AT FIFTEEN YEARS OF SERVICE. ALL EMPLOYEES ARE ENTITLED TO A RETIREMENT BENEFIT BASED ON PERIOD OF SERVICE.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

FOR SERVICES PRIOR TO OCTOBER 31, 1968, BENEFITS ARE BASED ON .5 PERCENT OF MONTHLY COMPENSATION AND .5 PERCENT OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM DATE OF HIRE TO OCTOBER 31, 1968. FOR SERVICE BETWEEN OCTOBER 31, 1968 AND DECEMBER 31, 1989, BENEFITS ARE BASED ON 2 PERCENT OF AVERAGE MONTHLY COMPENSATION AND .75 PERCENT OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM THE LATER OF OCTOBER 31, 1969 TO DECEMBER 31, 1989. FOR SERVICES AFTER DECEMBER 31, 1989, BENEFITS ARE BASED ON 2.75 PERCENT OF AVERAGE MONTHLY COMPENSATION MULTIPLIED BY YEARS OF SERVICE (MAXIMUM 30 YEARS) TO NORMAL RETIREMENT DATE.

EMPLOYEES MAY TAKE EARLY RETIREMENT BETWEEN 55 AND 65. THE EMPLOYEE MUST COMPLETE TEN YEARS OF SERVICE AND BE AT LEAST 55 YEARS OF AGE TO BE ELIGIBLE FOR BENEFITS. THE EARLY RETIREMENT PENSION IS THE ACTUARIAL EQUIVALENT OF THE ACCRUED BENEFITS AT NORMAL RETIREMENT AGE.

EMPLOYEES MAKE NO CONTRIBUTION TO THE PLAN. THE CITY UTILITIES CONTRIBUTION IS ACTUARIALLY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$750,000 IN 2011 AND \$750,005 IN 2010. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2011	2010	2009
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 570,858	\$ 603,732	\$ 670,844
INTEREST ON NPO	(35,681)	(24,804)	(28,349)
ADJUSTMENT TO ARC	37,473	26,048	29,771
ANNUAL PENSION COST (APC)	572,650	604,976	672,266
ACTUAL CONTRIBUTION MADE	(750,000)	(750,005)	(625,000)
INCREASE (DECREASE) IN NPO	(177,350)	(145,029)	47,266
NPO - BEGINNING OF YEAR	(475,744)	(330,715)	(377,981)
NPO - END OF YEAR	<u>\$ (653,094)</u>	<u>\$ (475,744)</u>	<u>\$ (330,715)</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2011 WAS DETERMINED AS PART OF THE JANUARY 1, 2011 ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED 7.5% INVESTMENT RATE OF RETURN AND A PROJECTED SALARY INCREASE OF 2.0% ANNUALLY. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFIT INCREASES. THE ACTUARIAL VALUE OF ASSETS WAS BASED ON THE FAIR MARKET VALUE. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BEING AMORTIZED AS A LEVEL PERCENTAGE OF PROJECTED PAYROLL ON AN OPEN BASIS. THE REMAINING AMORTIZATION PERIOD AT JANUARY 1, 2011 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS AND THE SCHEDULE OF FUNDING PROGRESS:

	APC	% OF APC CONTRIBUTED	NPO
2011	\$572,650	131.0%	\$ (653,094)
2010	\$604,976	124.0%	\$ (475,744)
2009	\$672,266	93.0%	\$ (330,715)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ((B-A)/C)
12/31/10	\$ 10,145,005	\$ 13,191,285	\$ 3,046,280	77%	\$ 3,358,173	91%
12/31/09	\$ 8,965,792	\$ 12,539,395	\$ 3,573,603	72%	\$ 3,236,853	110%
12/31/08	\$ 7,626,071	\$ 11,899,434	\$ 4,273,363	64%	\$ 3,268,385	131%

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RETIREMENT PLANS (CONT'D)

- G. OTHER POSTEMPLOYMENT BENEFITS - THE CITY HAS A COLLECTIVE BARGAINING AGREEMENT WITH THE AFSCME UNION FOR POST-EMPLOYMENT HEALTH BENEFITS FOR EMPLOYEES WHO RETIRE UNDER CERTAIN CONDITIONS THAT CAN CONTINUE THEIR MEDICAL COVERAGE. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE POST-EMPLOYMENT HEALTH BENEFITS ARE ALSO AVAILABLE IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. COVERED EMPLOYEES IN THE POST-EMPLOYMENT HEALTH BENEFITS AS OF DECEMBER 31, 2010, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	39
CURRENT EMPLOYEES	<u>241</u>
TOTAL	<u>280</u>

RETIRED COVERED EMPLOYEES OF THE AFSCME UNION WHO HAVE BEEN EMPLOYED FOR A PERIOD OF 20 YEARS OR MORE AND AT LEAST 55 YEARS OF AGE SHALL BE ENTITLED TO THE HEALTH BENEFITS. THEY ARE ENTITLED TO CONTINUE MEDICAL COVERAGE, BUT MUST PAY THE SAME PREMIUM AS AN ACTIVE EMPLOYEE.

THE FOLLOWING IS A RECONCILIATION OF THE NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (NOPEB) FOR THE YEAR ENDING DECEMBER 31, 2010:

	<u>2010</u>
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 277,528
ANNUAL OPEB COST (AOC)	<u>277,528</u>
ACTUAL CONTRIBUTION MADE	(256,750)
INCREASE (DECREASE) IN NOPEB	<u>20,778</u>
NOPEB - BEGINNING OF YEAR	
NOPEB - END OF YEAR	<u>\$ 20,778</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2010 WAS DETERMINED AS PART OF THE DECEMBER 31, 2010 ACTUARIAL VALUATION USING THE PROJECTED UNIT CREDIT METHOD. THE ACTUARIAL ASSUMPTION INCLUDED A MEDICAL INFLATION FOR THE FOLLOWING YEAR OF 10% GRADUALLY DECREASING TO 5% IN THE NINTH FOLLOWING YEAR.

THE FOLLOWING REPRESENTS THE SCHEDULE OF FUNDING:

		ANNUAL OPEB COST	% OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
2010		\$ 277,528	92.5%	\$ 20,778

  

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ( (B-A) / C )
12/31/09	\$	\$ 3,386,637	\$ 3,386,637	0%	\$ 0	N/A

NOTE 13: SUBSEQUENT EVENT

SUBSEQUENT EVENTS WERE EVALUATED THROUGH APRIL 13, 2012, WHICH IS THE DATE THE FINANCIAL STATEMENTS WERE AVAILABLE TO BE ISSUED.

CITY OF BENTON, ARKANSAS  
SCHEDULE OF GENERAL FUND EXPENDITURES BY  
DEPARTMENT - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>ELECTED STAFF</u>	<u>LEGAL</u>	<u>CENTRAL COMMUNICATIONS</u>	<u>INFORMATION TECHNOLOGY</u>
SALARIES	\$ 200,666	\$ 65,000	\$ 339,827	\$ 41,574
RETIREMENT	5,434	11,971	59,248	8,249
FRINGE BENEFITS	17,019	5,508	81,719	8,836
VEHICLE	2,014		1,380	466
REPAIRS AND MAINTENANCE	68,888		18,112	44
SUPPLIES	9,154		1,140	3,088
OTHER			15	74
ELECTRICITY GENERATION				
UTILITIES	16,236		7,253	1,012
OUTSIDE SERVICES	84,777	521,737	7,267	111,965
EDUCATIONAL/PROFESSIONAL	52,526	100	3,910	
CAPITAL OUTLAY	4,888		25,604	1,311
	<u>\$ 461,602</u>	<u>\$ 604,316</u>	<u>\$ 545,475</u>	<u>\$ 176,619</u>

<u>POLICE</u>	<u>FIRE</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>PROFESSIONAL TECHNICAL</u>	<u>TOTAL</u>
\$ 2,774,875	\$ 2,341,506	\$ 217,552	\$ 71,613	\$ 6,052,613
271,594	246,546	38,475	12,493	654,010
701,740	524,390	44,470	13,482	1,397,164
302,735	58,286	9,879	1,169	375,929
48,176	96,531	3,828		235,579
88,623	38,651	2,666	1,611	144,933
52,854	2,142	43		55,128
1,454	2,522			3,976
29,963	26,330	5,874	693	87,361
165,233	70,433	68,482	1,080	1,030,974
60,164	12,364	7,751	483	137,298
191,847	4,096	2,096		229,842
<u>\$ 4,689,258</u>	<u>\$ 3,423,797</u>	<u>\$ 401,116</u>	<u>\$ 102,624</u>	<u>\$ 10,404,807</u>

CITY OF BENTON, ARKANSAS  
SCHEDULE OF GENERAL FUND EXPENDITURES BY  
DEPARTMENT - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>ELECTED STAFF</u>	<u>LEGAL</u>	<u>CENTRAL COMMUNICATIONS</u>
SALARIES	\$ 215,092	\$ 65,250	\$ 400,030
RETIREMENT	19,505	11,677	69,546
FRINGE BENEFITS	25,365	5,225	97,447
VEHICLE	2,804		1,077
REPAIRS AND MAINTENANCE	6,958		19,713
SUPPLIES	10,233		4,319
OTHER			184
ELECTRICITY GENERATION			
UTILITIES	24,313		39,296
OUTSIDE SERVICES	129,168	316,250	55,962
EDUCATIONAL/PROFESSIONAL	85,677		5,614
CAPITAL OUTLAY			3,512
	<u>\$ 519,115</u>	<u>\$ 398,402</u>	<u>\$ 696,700</u>

<u>POLICE</u>	<u>FIRE</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>PROFESSIONAL TECHNICAL</u>	<u>TOTAL</u>
\$ 2,752,708	\$ 2,450,689	\$ 220,324	\$ 71,199	\$ 6,175,292
135,014	275,228	38,902	12,520	562,392
716,635	569,742	44,974	14,114	1,473,502
235,596	40,622	10,323	1,282	291,704
29,205	16,776	5,210		77,862
71,401	41,599	6,289	1,244	135,085
67,723	879	47,929		116,715
3,490	1,282			4,772
28,389	21,002	3,371	587	116,958
165,195	79,263	99,938	1,410	847,186
63,844	13,560	9,648	530	178,873
175,789	2,618	226,509		408,428
<u>\$ 4,444,989</u>	<u>\$ 3,513,260</u>	<u>\$ 713,417</u>	<u>\$ 102,886</u>	<u>\$ 10,388,769</u>

CITY OF BENTON, ARKANSAS  
COMBINED BALANCE SHEET - STREET FUND  
MODIFIED ACCRUAL BASIS  
DECEMBER 31, 2011

<u>ASSETS</u>	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STORMWATER PROJECTS FUND	TOTAL STREET FUND
ASSETS				
CASH AND EQUIVALENTS:				
UNASSIGNED	\$ 2,790,853	\$	\$	\$ 2,790,853
COUNCIL COMMITTED			234,281	234,281
RESTRICTED		1,201,245		1,201,245
OTHER RECEIVABLES	1,284		200	1,484
DUE FROM OTHER FUNDS				
PREPAID EXPENSES	11,040			11,040
TOTAL ASSETS	<u>\$ 2,803,177</u>	<u>\$ 1,201,245</u>	<u>\$ 234,481</u>	<u>\$ 4,238,903</u>
LIABILITIES				
AND FUND BALANCE				
LIABILITIES				
ACCOUNTS PAYABLE	\$ 27,021	\$ 22,000	\$ 14,236	\$ 63,257
ACCRUED COMPENSATION	16,421			16,421
DUE TO OTHER FUNDS	3,509			3,509
TOTAL LIABILITIES	<u>46,951</u>	<u>22,000</u>	<u>14,236</u>	<u>83,187</u>
FUND BALANCES				
RESTRICTED FOR CAPITAL				
OUTLAY		1,179,245		1,179,245
UNRESTRICTED:				
COMMITTED			220,245	220,245
UNASSIGNED	2,756,226			2,756,226
TOTAL FUND BALANCES	<u>2,756,226</u>	<u>1,179,245</u>	<u>220,245</u>	<u>4,155,716</u>
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 2,803,177</u>	<u>\$ 1,201,245</u>	<u>\$ 234,481</u>	<u>\$ 4,238,903</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - STREET FUND  
 MODIFIED ACCRUAL BASIS  
 DECEMBER 31, 2010

<u>ASSETS</u>	<u>STREET OPERATING FUND</u>	<u>STREET IMPROVEMENT FUND</u>	<u>TOTAL STREET FUND</u>
ASSETS			
CASH AND EQUIVALENTS:			
UNASSIGNED	\$ 2,030,284	\$	\$ 2,030,284
RESTRICTED		972,549	972,549
OTHER RECEIVABLES	1,284		1,284
DUE FROM OTHER FUNDS		65,832	65,832
PREPAID EXPENSES	14,966		14,966
TOTAL ASSETS	<u>\$ 2,046,534</u>	<u>\$ 1,038,381</u>	<u>\$ 3,084,915</u>
LIABILITIES			
<u>AND FUND BALANCE</u>			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 16,725	\$ 111,570	\$ 128,295
ACCRUED COMPENSATION	16,330		16,330
TOTAL LIABILITIES	<u>33,055</u>	<u>111,570</u>	<u>144,625</u>
FUND BALANCES			
RESTRICTED FOR CAPITAL			
OUTLAY		926,811	926,811
UNRESTRICTED:			
UNASSIGNED	2,013,479		2,013,479
TOTAL FUND BALANCES	<u>2,013,479</u>	<u>926,811</u>	<u>2,940,290</u>
TOTAL LIABILITIES AND			
FUND BALANCES	<u>\$ 2,046,534</u>	<u>\$ 1,038,381</u>	<u>\$ 3,084,915</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - STREET FUND - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STREET PROJECTS FUND	TOTAL STREET FUND
REVENUES				
TAX REVENUES	\$ 2,061,511	\$	\$	\$ 2,061,511
PERMITS AND LICENSES			99,688	99,688
FEDERAL AND STATE GRANTS	1,194		47,468	48,662
INTEREST	5,960	2,358	90	8,408
OTHER	80,396			80,396
TOTAL REVENUES	<u>2,149,061</u>	<u>2,358</u>	<u>147,246</u>	<u>2,298,665</u>
EXPENDITURES				
HUMAN RESOURCES	640,510			640,510
OPERATIONS AND MAINTENANCE	448,928		66,152	515,080
UTILITIES	12,149			12,149
OUTSIDE SERVICES	22,360			22,360
EDUCATIONAL/PROFESSIONAL	168			168
CAPITAL OUTLAY	240,563	368,279	72,805	681,647
TOTAL EXPENDITURES	<u>1,364,678</u>	<u>368,279</u>	<u>138,957</u>	<u>1,871,914</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>784,383</u>	<u>(365,921)</u>	<u>8,289</u>	<u>426,751</u>
OTHER FINANCING SOURCES AND (USES)				
GAIN ON SALE OF ASSETS	8,055			8,055
TRANSFERS IN		1,265,021	211,956	1,476,977
TRANSFERS OUT	(49,691)	(646,666)		(696,357)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(41,636)</u>	<u>618,355</u>	<u>211,956</u>	<u>788,675</u>
CHANGES IN FUND BALANCES	742,747	252,434	220,245	1,215,426
FUND BALANCES AT BEGINNING OF YEAR	<u>2,013,479</u>	<u>926,811</u>		<u>2,940,290</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,756,226</u>	<u>\$ 1,179,245</u>	<u>\$ 220,245</u>	<u>\$ 4,155,716</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - STREET FUND - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STREET PROJECTS FUND	TOTAL STREET FUND
REVENUES				
TAX REVENUES	\$1,938,856	\$	\$	\$1,938,856
FEDERAL AND STATE GRANTS	49,489			49,489
INTEREST	3,482	2,610		6,092
OTHER	74,976			74,976
TOTAL REVENUES	<u>2,066,803</u>	<u>2,610</u>		<u>2,069,413</u>
EXPENDITURES				
HUMAN RESOURCES	652,367			652,367
OPERATIONS AND MAINTENANCE	337,721			337,721
UTILITIES	11,327			11,327
OUTSIDE SERVICES	25,907			25,907
EDUCATIONAL/PROFESSIONAL	248			248
CAPITAL OUTLAY	148,285	1,188,315		1,336,600
TOTAL EXPENDITURES	<u>1,175,855</u>	<u>1,188,315</u>		<u>2,364,170</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>890,948</u>	<u>(1,185,705)</u>		<u>(294,757)</u>
OTHER FINANCING SOURCES AND (USES)				
TRANSFERS IN		2,489,239		2,489,239
TRANSFERS OUT		(624,583)		(624,583)
TOTAL OTHER FINANCING SOURCES AND (USES)		<u>1,864,656</u>		<u>1,864,656</u>
CHANGES IN FUND BALANCES	890,948	678,951		1,569,899
FUND BALANCES AT BEGINNING OF YEAR	<u>1,122,531</u>	<u>247,860</u>		<u>1,370,391</u>
FUND BALANCES AT END OF YEAR	<u>\$2,013,479</u>	<u>\$ 926,811</u>	<u>\$</u>	<u>\$2,940,290</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - OTHER FUNDS IN  
 THE AGGREGATE - MODIFIED ACCRUAL BASIS  
 DECEMBER 31, 2011

	<u>CAPITAL PROJECT FUNDS</u>		<u>DEBT</u>	<u>AGENCY AND</u>
<u>ASSETS</u>	<u>BENTON</u>	<u>MILITARY</u>	<u>SERVICE</u>	<u>PENSION TRUST</u>
	<u>PARKWAY</u>	<u>REDESIGN</u>	<u>FUND</u>	<u>FUNDS</u>
ASSETS				
CASH AND EQUIVALENTS:				
UNASSIGNED	\$	\$	\$	\$
COUNCIL COMMITTED				
RESTRICTED	7,579	892,902	517,986	1,607,934
INVESTMENTS-RESTRICTED				14,267,222
OTHER RECEIVABLES		189,891		
DUE FROM OTHER FUNDS				
PREPAID EXPENSES				
TOTAL ASSETS	<u>\$ 7,579</u>	<u>\$1,082,793</u>	<u>\$517,986</u>	<u>\$15,875,156</u>
LIABILITIES				
<u>AND FUND BALANCE</u>				
LIABILITIES				
ACCOUNTS PAYABLE	\$	\$ 883,958	\$	\$
ACCRUED COMPENSATION				
DUE TO OTHER FUNDS	4,973	24,813		
ASSETS HELD IN TRUST				15,875,156
TOTAL LIABILITIES	<u>4,973</u>	<u>908,771</u>		<u>15,875,156</u>
FUND BALANCES				
RESTRICTED FOR DEBT SERVICE			517,986	
RESTRICTED FOR CAPITAL OUTLAY	2,606	174,022		
RESTRICTED FOR OTHER ACTIVITIES				
UNRESTRICTED:				
COMMITTED				
UNASSIGNED				
TOTAL FUND BALANCES	<u>2,606</u>	<u>174,022</u>	<u>517,986</u>	
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 7,579</u>	<u>\$1,082,793</u>	<u>\$517,986</u>	<u>\$15,875,156</u>

SPECIAL REVENUE FUNDS				TOTAL OTHER FUNDS IN THE AGGREGATE
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	A&P COMMISSION	
\$ 55,550	\$ 407,743	\$	\$1,960,661	\$ 2,423,954
		2,855		2,855
	1,581			3,027,982
	64,964			14,267,222
				254,855
1,734	14,770			16,504
<u>\$ 57,284</u>	<u>\$ 489,058</u>	<u>\$ 2,855</u>	<u>\$1,960,661</u>	<u>\$ 19,993,372</u>
\$ 26,592	\$ 21,500	\$	\$ 3,727	\$ 935,777
8,672	8,985			17,657
374	1,656			31,816
				15,875,156
<u>35,638</u>	<u>32,141</u>		<u>3,727</u>	<u>16,860,406</u>
				517,986
				176,628
	1,581			1,581
		2,855		2,855
21,646	455,336		1,956,934	2,433,916
<u>21,646</u>	<u>456,917</u>	<u>2,855</u>	<u>1,956,934</u>	<u>3,132,966</u>
<u>\$ 57,284</u>	<u>\$ 489,058</u>	<u>\$ 2,855</u>	<u>\$1,960,661</u>	<u>\$ 19,993,372</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - OTHER FUNDS IN  
 THE AGGREGATE - MODIFIED ACCRUAL BASIS  
 DECEMBER 31, 2010

	<u>CAPITAL PROJECT FUNDS</u>		<u>DEBT</u>	<u>AGENCY AND</u>
<u>ASSETS</u>	<u>BENTON</u>	<u>MILITARY</u>	<u>SERVICE</u>	<u>PENSION TRUST</u>
	<u>PARKWAY</u>	<u>REDESIGN</u>	<u>FUND</u>	<u>FUNDS</u>
ASSETS				
CASH AND EQUIVALENTS:				
UNASSIGNED	\$	\$	\$	\$
COUNCIL COMMITTED				
RESTRICTED	7,561	1,534,678	532,163	476,953
INVESTMENTS-RESTRICTED				15,607,982
OTHER RECEIVABLES		592,612		
PREPAID EXPENSES				
TOTAL ASSETS	<u>\$ 7,561</u>	<u>\$2,127,290</u>	<u>\$532,163</u>	<u>\$16,084,935</u>
LIABILITIES				
<u>AND FUND BALANCE</u>				
LIABILITIES				
ACCOUNTS PAYABLE	\$	\$1,258,634	\$	\$
ACCRUED COMPENSATION				
DUE TO OTHER FUNDS	4,973	15,064		
ASSETS HELD IN TRUST				16,084,935
TOTAL LIABILITIES	<u>4,973</u>	<u>1,273,698</u>		<u>16,084,935</u>
FUND BALANCES				
RESTRICTED FOR DEBT SERVICE			532,163	
RESTRICTED FOR CAPITAL OUTLAY	2,588	853,592		
RESTRICTED FOR OTHER ACTIVITIES				
UNRESTRICTED:				
COMMITTED				
UNASSIGNED				
TOTAL FUND BALANCES	<u>2,588</u>	<u>853,592</u>	<u>532,163</u>	
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 7,561</u>	<u>\$2,127,290</u>	<u>\$532,163</u>	<u>\$16,084,935</u>

SPECIAL REVENUE FUNDS				TOTAL OTHER FUNDS IN THE AGGREGATE
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	A&P COMMISSION	
\$ 28,027	\$ 590,502	\$	\$1,323,322	\$ 1,941,851
		2,848		2,848
	1,856			2,553,211
				15,607,982
	64,964			657,576
3,073	11,572			14,645
<u>\$ 31,100</u>	<u>\$ 668,894</u>	<u>\$ 2,848</u>	<u>\$1,323,322</u>	<u>\$ 20,778,113</u>
\$ 2,495	\$ 136,858	\$	\$ 8,875	\$ 1,406,862
8,740	10,387			19,127
				20,037
				16,084,935
<u>11,235</u>	<u>147,245</u>		<u>8,875</u>	<u>17,530,961</u>
				532,163
				856,180
	1,856			1,856
		2,848		2,848
<u>19,865</u>	<u>519,793</u>		<u>1,314,447</u>	<u>1,854,105</u>
<u>19,865</u>	<u>521,649</u>	<u>2,848</u>	<u>1,314,447</u>	<u>3,247,152</u>
<u>\$ 31,100</u>	<u>\$ 668,894</u>	<u>\$ 2,848</u>	<u>\$1,323,322</u>	<u>\$ 20,778,113</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - OTHER FUNDS IN THE AGGREGATE - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	CAPITAL PROJECT FUNDS		DEBT
	BENTON	MILITARY	SERVICE
	PARKWAY	REDESIGN	FUND
REVENUES			
TAX REVENUES	\$	\$	\$
BONDS, FINES AND FEES			910,450
FEDERAL AND STATE GRANTS	1,496	2,860,650	
INTEREST	18	2,649	1,155
OTHER			
TOTAL REVENUES	<u>1,514</u>	<u>2,863,299</u>	<u>911,605</u>
EXPENDITURES			
HUMAN RESOURCES			
OPERATIONS AND MAINTENANCE			2,302
UTILITIES			
OUTSIDE SERVICES			750
EDUCATIONAL/PROFESSIONAL			
CAPITAL OUTLAY		3,542,869	
PRINCIPAL PAYMENTS			904,199
INTEREST PAYMENTS			79,284
TOTAL EXPENDITURES	<u></u>	<u>3,542,869</u>	<u>986,535</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>1,514</u>	<u>(679,570)</u>	<u>(74,930)</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS			
TRANSFERS IN			836,753
TRANSFERS OUT	(1,496)		(776,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,496)</u>	<u></u>	<u>60,753</u>
CHANGES IN FUND BALANCES	18	(679,570)	(14,177)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,588</u>	<u>853,592</u>	<u>532,163</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,606</u>	<u>\$ 174,022</u>	<u>\$ 517,986</u>

SPECIAL REVENUE FUNDS					TOTAL OTHER FUNDS IN THE AGGREGATE
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	SALES TAX	A&P COMMISSION	
\$ 77	\$	\$	\$7,590,128	\$ 878,025	\$ 8,468,230
					910,450
					2,862,146
73	1,181	7		3,221	8,304
15,030	49,502			3,285	67,817
15,180	50,683	7	7,590,128	884,531	12,316,947
252,586	368,608			38,049	659,243
52,075	407,142			16,405	477,924
6,423	28,344			3,539	38,306
4,828	430,361			53,743	489,682
616	82			45,589	46,287
4,600	214,207			663	3,762,339
					904,199
					79,284
321,128	1,448,744			157,988	6,457,264
(305,948)	(1,398,061)	7	7,590,128	726,543	5,859,683
113	7,505			2,287	9,905
312,800	1,350,521				2,500,074
(5,184)	(24,697)		(7,590,128)	(86,343)	(8,483,848)
307,729	1,333,329		(7,590,128)	(84,056)	(5,973,869)
1,781	(64,732)	7		642,487	(114,186)
19,865	521,649	2,848		1,314,447	3,247,152
\$ 21,646	\$ 456,917	\$ 2,855	\$	\$1,956,934	\$ 3,132,966

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - OTHER FUNDS IN THE AGGREGATE - MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	CAPITAL PROJECT FUNDS		DEBT
	BENTON	MILITARY	SERVICE
	PARKWAY	REDESIGN	FUND
REVENUES			
TAX REVENUES	\$	\$	\$
BONDS, FINES AND FEES			928,992
FEDERAL AND STATE GRANTS	170,650	3,505,831	
INTEREST	17	5,237	1,220
OTHER			
TOTAL REVENUES	<u>170,667</u>	<u>3,511,068</u>	<u>930,212</u>
EXPENDITURES			
HUMAN RESOURCES			
OPERATIONS AND MAINTENANCE			2,215
UTILITIES			
OUTSIDE SERVICES			967
EDUCATIONAL/PROFESSIONAL			
CAPITAL OUTLAY	1,656	4,833,386	
PRINCIPAL PAYMENTS			969,738
INTEREST PAYMENTS			119,540
TOTAL EXPENDITURES	<u>1,656</u>	<u>4,833,386</u>	<u>1,092,460</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>169,011</u>	<u>(1,322,318)</u>	<u>(162,248)</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN			944,531
TRANSFERS OUT	(177,020)	(1,200,000)	(765,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(177,020)</u>	<u>(1,200,000)</u>	<u>179,531</u>
CHANGES IN FUND BALANCES	(8,009)	(2,522,318)	17,283
FUND BALANCE AT BEGINNING OF YEAR	<u>10,597</u>	<u>3,375,910</u>	<u>514,880</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,588</u>	<u>\$ 853,592</u>	<u>\$ 532,163</u>

SPECIAL REVENUE FUNDS					TOTAL OTHER FUNDS IN THE AGGREGATE
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	SALES TAX	A&P COMMISSION	
\$ 71	\$	\$	\$ 7,735,438	\$ 847,850	\$ 8,583,359
	64,964				928,992
59	1,176	6		8,313	3,741,445
11,700	31,738				16,028
11,830	97,878	6	7,735,438	856,163	43,438
					13,313,262
261,913	383,733			120,561	766,207
15,769	480,894			39,229	538,107
3,729	21,324				25,053
4,994	350,587			264,850	621,398
	93			2,050	2,143
1,901	78,615			27,448	4,943,006
					969,738
					119,540
288,306	1,315,246			454,138	7,985,192
(276,476)	(1,217,368)	6	7,735,438	402,025	5,328,070
	5,500				5,500
268,542	1,289,240			969	2,503,282
			(7,735,438)	(40,944)	(9,918,402)
268,542	1,294,740		(7,735,438)	(39,975)	(7,409,620)
(7,934)	77,372	6		362,050	(2,081,550)
27,799	444,277	2,842		952,397	5,328,702
\$ 19,865	\$ 521,649	\$ 2,848	\$	\$1,314,447	\$ 3,247,152

CITY OF BENTON, ARKANSAS  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
LAND AND IMPROVEMENTS	\$ 3,331,196	\$ 3,258,391
BUILDINGS AND IMPROVEMENTS	13,071,672	12,880,313
SERVICE FACILITIES AND EQUIPMENT	5,795,651	5,671,665
INFRASTRUCTURE	25,255,847	23,667,807
CONSTRUCTION IN PROGRESS	<u>7,705,673</u>	<u>7,698,188</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 55,160,039</u>	 <u>\$ 53,176,364</u>

NOTE 1: UNDER THE MODIFIED ACCRUAL BASIS OF ACCOUNTING, ALL CAPITAL ASSETS ARE RECORDED AS EXPENDITURES IN THE YEAR IN WHICH THEY WERE PURCHASED. THE SCHEDULE ABOVE SUMMARIZES THOSE ASSETS THAT QUALIFY AS CAPITAL ASSETS. CAPITAL ASSETS ARE VALUED AT COST ON THE DATE OF PURCHASE, UNLESS DONATED. DONATED CAPITAL ASSETS ARE VALUED AT THEIR ESTIMATED FAIR VALUE ON THE DATE DONATED. ASSETS ARE CAPITALIZED IN ACCORDANCE WITH ORDINANCE 38 OF 2004. ANY ASSET WITH AN ESTIMATED USEFUL LIFE GREATER THAN ONE YEAR AND A VALUE THAT EXCEEDS THE FOLLOWING THRESHOLDS WILL BE RECOGNIZED AS A CAPITAL ASSET BY THE CITY:

LAND	ALL ASSETS
LAND IMPROVEMENTS	\$25,000
BUILDING	\$50,000
BUILDING IMPROVEMENTS	\$50,000
MACHINERY AND EQUIPMENT	\$5,000
VEHICLE	\$5,000
INFRASTRUCTURE	\$250,000

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE AUDITED THE FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS, AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 AND HAVE ISSUED OUR REPORT THEREON DATED APRIL 13, 2012. WE CONDUCTED OUR AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES AND THE STANDARDS APPLICABLE TO FINANCIAL AUDITS CONTAINED IN GOVERNMENT AUDITING STANDARDS, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

IN PLANNING AND PERFORMING OUR AUDITS, WE CONSIDERED THE CITY OF BENTON, ARKANSAS' INTERNAL CONTROL OVER FINANCIAL REPORTING AS A BASIS FOR DESIGNING OUR AUDITING PROCEDURES FOR THE PURPOSE OF EXPRESSING OUR OPINION ON THE FINANCIAL STATEMENTS, BUT NOT FOR THE PURPOSE OF EXPRESSING AN OPINION ON THE EFFECTIVENESS OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING. ACCORDINGLY, WE DO NOT EXPRESS AN OPINION ON THE EFFECTIVENESS OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING.

A DEFICIENCY IN INTERNAL CONTROL EXISTS WHEN THE DESIGN OR OPERATION OF A CONTROL DOES NOT ALLOW MANAGEMENT OR EMPLOYEES, IN THE NORMAL COURSE OF PERFORMING THEIR ASSIGNED FUNCTIONS, TO PREVENT, OR DETECT AND CORRECT MISSTATEMENTS ON A TIMELY BASIS. A MATERIAL WEAKNESS IS A DEFICIENCY, OR A COMBINATION OF DEFICIENCIES, IN INTERNAL CONTROL, SUCH THAT THERE IS A REASONABLE POSSIBILITY THAT A MATERIAL MISSTATEMENT OF THE CITY'S FINANCIAL STATEMENTS WILL NOT BE PREVENTED, OR DETECTED AND CORRECTED ON A TIMELY BASIS.

OUR CONSIDERATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING WAS FOR THE LIMITED PURPOSE DESCRIBED IN THE FIRST PARAGRAPH OF THIS SECTION AND WAS NOT DESIGNED TO IDENTIFY ALL DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT MIGHT BE DEFICIENCIES, SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES. WE DID NOT IDENTIFY ANY DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT WE CONSIDER TO BE MATERIAL WEAKNESSES, AS DEFINED ABOVE.

### COMPLIANCE AND OTHER MATTERS

AS PART OF OBTAINING REASONABLE ASSURANCE ABOUT WHETHER THE CITY OF BENTON, ARKANSAS' FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT, WE PERFORMED TESTS OF ITS COMPLIANCE WITH CERTAIN PROVISIONS OF LAWS, REGULATIONS, CONTRACTS AND GRANT AGREEMENTS, NONCOMPLIANCE WITH WHICH COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE DETERMINATION OF FINANCIAL STATEMENT AMOUNTS. HOWEVER, PROVIDING AN OPINION ON COMPLIANCE WITH THOSE PROVISIONS WAS NOT AN OBJECTIVE OF OUR AUDITS AND, ACCORDINGLY, WE DO NOT EXPRESS SUCH AN OPINION. THE RESULTS OF OUR TESTS DISCLOSED NO INSTANCES OF NONCOMPLIANCE THAT ARE REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS.

THIS REPORT IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THE HONORABLE MAYOR, CITY COUNCIL, MANAGEMENT, ARKANSAS DIVISION OF LEGISLATIVE AUDIT, AND ANY FEDERAL AWARDDING AGENCIES OR PASS-THROUGH ENTITIES, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

*Upakum. Lovell & Co. P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
APRIL 13, 2012

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE EXAMINED MANAGEMENT'S ASSERTIONS THAT THE CITY OF BENTON, ARKANSAS, COMPLIED WITH THE REQUIREMENTS OF ARKANSAS ACT 15 OF 1985 AND THE FOLLOWING ARKANSAS STATUTES DURING THE YEARS ENDED DECEMBER 31, 2011 AND 2010.

- A. MUNICIPAL ACCOUNTING LAW, ACT 159 OF 1973, ACT 616 OF 1979 AND ACT 308 OF 1998 (ARKANSAS STATUTES 19-5301 - 19-5317);
- B. MUNICIPAL COURTS, POLICE COURTS, CITY COURTS AND JUSTICE OF THE PEACE COURTS ACCOUNTING LAW OF 1977, ACT 332 OF 1977, ACTS 677 AND 776 OF 1985, ACT 904 OF 1991 AND ACT 1256 OF 1996 (ARKANSAS STATUTES 22-1101 - 22-1108);
- C. MUNICIPAL COURT AND POLICE DEPARTMENT UNIFORM FILING FEES AND COURT COST, ACT 1256 OF 1996;
- D. BONDING OF MUNICIPAL OFFICERS AND EMPLOYEES, ACT 338 OF 1955 AND ACT 677 OF 1975 (ARKANSAS STATUTES 13-412 - 13-412.3) (REPLACED BY ACT 5 OF 1985);
- E. IMPROVEMENT CONTRACTS OVER \$10,000, ACT 159 OF 1949, ACT 183 OF 1957, ACT 477 OF 1961, ACT 370 OF 1977, ACT 266 OF 1981, ACT 871 OF 1983, ACTS 758 AND 759 OF 1987, ACT 936 OF 1989, ACT 728 OF 1991, ACT 645 OF 1993 AND ACT 1319 OF 1995 (ARKANSAS STATUTES 14-611 - 14-614);
- F. BUDGETS, PURCHASES OVER \$2,000; PAYMENTS OF CLAIMS, ETC., ACT 28 OF 1959, ACT 154 OF 1979, ACTS 344 AND 926 OF 1981, ACT 745 OF 1985 AND ACT 812 OF 1995 (ARKANSAS STATUTES 19-4421 - 19-4430);
- G. INVESTMENT OF PUBLIC FUNDS, ACT 273 OF 1943; ACT 106 OF 1973, ACT 402 OF 1995 AND ACT 1341 OF 2000 (ARKANSAS STATUTES 13-901 - 13-904); AND
- H. DEPOSIT OF PUBLIC FUNDS, ACT 21 OF 1935, ACTS 57 AND 62 OF 1945, ACT 122 OF 1947, ACT 18 OF 1964, ACTS 89 AND 107 OF 1973, ACT 250 OF 1987, ACT 459 OF 1991 AND ACTS 232 AND 700 OF 1995 (ARKANSAS STATUTES 13-801 - 13-805).

MANAGEMENT IS RESPONSIBLE FOR THE CITY'S COMPLIANCE WITH THOSE REQUIREMENTS. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THE CITY'S COMPLIANCE BASED ON OUR EXAMINATION.

OUR EXAMINATION WAS MADE IN ACCORDANCE WITH ATTESTATION STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND, ACCORDINGLY INCLUDED EXAMINING, ON A TEST BASIS, EVIDENCE ABOUT THE CITY'S COMPLIANCE WITH

THOSE REQUIREMENTS AND PERFORMING SUCH OTHER PROCEDURES AS WE CONSIDERED NECESSARY IN THE CIRCUMSTANCES. WE BELIEVE THAT OUR EXAMINATION PROVIDES A REASONABLE BASIS FOR OUR OPINION. OUR EXAMINATION DOES NOT PROVIDE A LEGAL DETERMINATION ON THE CITY'S COMPLIANCE WITH SPECIFIED REQUIREMENTS.

IN OUR OPINION, THE CITY OF BENTON, ARKANSAS, COMPLIED, IN ALL MATERIAL RESPECTS, WITH THE AFOREMENTIONED REQUIREMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010.

THIS REPORT IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THE GOVERNING BODY, MANAGEMENT AND THE STATE OF ARKANSAS, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

*Hoakum, Lovell & Co. P&C*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
APRIL 13, 2012